

1 IN THE UNITED STATES BANKRUPTCY COURT

2 FOR THE SOUTHERN DISTRICT OF TEXAS

3 HOUSTON DIVISION

4 IN RE: § CASE NO. 20-33948-11
5 FIELDWOOD ENERGY, LLC, § HOUSTON, TEXAS
ET AL, § TUESDAY,
6 DEBTORS. § FEBRUARY 2, 2021
§ 3:00 P.M. TO 10:03 P.M.

7 MOTION HEARING (VIA ZOOM)

8 BEFORE THE HONORABLE MARVIN ISGUR
9 UNITED STATES BANKRUPTCY JUDGE

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12 APPEARANCES: SEE NEXT PAGE

13 RECORDED VIA COURTSPEAK; NO LOG NOTES
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1 HOUSTON, TEXAS; TUESDAY, FEBRUARY 2, 2021; 3:00 P.M.

2 (Conference recording started.)

3 THE COURT: All right. We're here in the
4 Fieldwood Energy case, it's 20-33948. I've enabled certain
5 parties that appeared yesterday phones to be activated, you
6 should have gotten the message on your phone. If your line
7 hasn't been activated and you want to be authorized to speak
8 during the course of today's hearing, please press five star
9 one time on your phone and I will enable the additional
10 telephones.

11 Yes. From 713-374-3672 who do we have?

12 MS. TIPPER-MCWHORTER: Yes. Katie
13 Tipper-McWhorter on behalf of BP.

14 THE COURT: All right. Good morning, or good
15 afternoon.

16 MS. TIPPER-MCWHORTER: Good afternoon.

17 THE COURT: From the 214 area code, it's
18 214-665-3735, who do we have?

19 MR. STARK: Your Honor, Bill Stark with Greenberg
20 Traurig on behalf of BP Exploration and Production.

21 THE COURT: Good afternoon, Mr. Stark.

22 MR. STARK: Good afternoon, Your Honor.

23 THE COURT: All right. Mr. Genender, tell me
24 where we are?

25 MR. GENENDER: Good afternoon, Your Honor. Paul

1 Genender for the Debtors.

2 Your Honor, we spoke with BP's counsel around the
3 noon hour, and they indicated there were a number of issues
4 that prevent them from agreeing to the proposal or to the
5 draft -- the Court's notice of draft possible order. And we
6 talked through those things, the Debtors are in agreement
7 with the document you filed at 825. We would agree to be
8 bound by it, the Debtors would. But my understanding is
9 that BP is not and we're prepared to proceed.

10 THE COURT: All right. Ms. Heyen, is that
11 correct? Is that the way you think we ought to move ahead?

12 MS. HEYEN: Yes, Your Honor. And we sincerely
13 appreciate the Court's diligence and efforts regarding the
14 draft order, but in the limited time between last night and
15 this morning we were unable to reach an agreement. So, Your
16 Honor, we are ready to proceed with a hearing.

17 THE COURT: I think you have someone else that
18 wishes to participate from the 214 area code, who do we
19 have?

20 (No audible response.)

21 THE COURT: All right. I don't know who that was.
22 Let me try that again.

23 From the 214 area code, do we have someone else
24 who wishes to speak?

25 (No audible response.)

1 THE COURT: All right. Who's going to be your
2 first witness, Mr. Genender?

3 MR. GENENDER: Your Honor, we're going to call
4 Mike Dane and my partner, Alfredo Perez, is going to handle
5 Mr. Dane's examination.

6 THE COURT: All right. Mr. Dane, would you raise
7 your hand please, sir? Oh. I don't have my camera on, I
8 apologize for that, hold on.

9 Okay. Let's try that again, Mr. Dane.

10 Do you swear to tell the truth, the whole truth,
11 and nothing but the truth -- and I guess I need you to
12 activate your line before you can answer that.

13 (No audible response.)

14 THE COURT: All right. Mr. Dane?

15 (Witness sworn.)

16 THE WITNESS: Yes, I do. Thank you, Your Honor.

17 THE COURT: Thank you, sir.

18 All right. Mr. Genender.

19 MR. GENENDER: Your Honor, Mr. Perez is going to
20 proceed.

21 THE COURT: I'm sorry, Mr. Perez.

22 MR. PEREZ: Good afternoon, Your Honor. Can you
23 hear me?

24 THE COURT: I can.

25 MR. PEREZ: Thank you, Your Honor.

1 DIRECT EXAMINATION OF MICHAEL T. DANE

2 BY MR. PEREZ:

3 Q Would you please state your name?

4 A Michael T. Dane.

5 Q Mr. Dane, how are you employed?

6 A I'm the Senior Vice President, Chief Financial Officer
7 at Fieldwood.

8 Q And are you familiar with the motion that brings us
9 here today?

10 A Yes. I am.

11 Q All right. What is the nature of the emergency relief
12 being sought, Mr. Dane?

13 A Fieldwood has a well, which is a very important asset
14 to the company, to our estate, it's called the Genovesa
15 well. And do the timing that we face today, which
16 compounded by recent Department of Interior orders that have
17 been issued, we have serious concern about our ability to
18 bring that well online in a timely basis in order to
19 maintain the value of that lease in that well.

20 Q And what is the precise nature of the emergency?

21 A So there's a critical date, which is April 5th, which
22 is a date in which our lease is subject to expire subject to
23 an extension on the lease, which comes in from the
24 Suspension of Production and if our -- Right now we're in a
25 period of heightened uncertainty given the Department of

1 Interior recent orders, which have introduced a lot of
2 ambiguity as to if and how a Suspension of Production can be
3 obtained, and denotes no sure course of action to make sure
4 that we can maintain the value of our well just to make sure
5 that this well is brought online prior to that date. Which
6 we think, given where we sit today is very reasonable.

7 So we are seeking action in order to bring our
8 well online to make sure that we don't risk any value that's
9 associated with that really important well, Genovesa.

10 Q Okay. And when was the Genovesa well drilled?

11 A It was drilled between June to July of 2019.

12 Q All right. And what have you done since that time with
13 respect to trying to bring it online? I'm sorry.

14 A Sure. Thank you. So the well was drilled in June to
15 July of 2019 and, then since that time, pending completion
16 operations and some other activities that were necessary to
17 help with this well produce. We thought that this well
18 would have been capable producing at the very end of 2019.
19 We are, the well produces into the BP operated subsea loop
20 system which we are also co-owner in. And it will produce
21 into the operating ECO facility. So we did need some level
22 of cooperation from BP in order to assist with the post
23 drilling and completion activities to bring the well online.
24 And those are the challenges that we have been facing since
25 we drilled this well in July of 2019.

1 Q Has Fieldwood attempted to tie the Genovesa well into
2 the subsea loop system?

3 A We have. We have conducted a number of activities
4 since we drilled and completed the well. The last activity
5 that we directly completed to attempt to tie this well into
6 -- to produce into (indiscernible) was an activity that BP
7 permitted Fieldwood to take, to tie the well in. This
8 happened in April of 2020. And during that time of that
9 activity, there was an anomaly that was observed. A well
10 into the subsea system at the Fieldwood and BP. This
11 anomaly was acknowledged not to be the result of any actions
12 taken by Fieldwood in those operations that was something
13 that was stated by both parties. But as a result of that
14 anomaly, which was observed, we have been pursuing other
15 activities to be able to produce the well since April of
16 2020 in conjunction with BP.

17 Q So have you tried to work around the anomaly in order
18 to bring the well into production?

19 A Yes. We have.

20 Q And what have you done?

21 A So we've been in a very lengthy and ongoing dialogue
22 with BP, since we need them to assist us with completing the
23 operations that would allow us to tie in the well at this
24 point. Since April of 2020, there have been a number of
25 activities. Initially there was -- there was some finger

1 pointing and uncertainty as to what caused the anomaly that
2 was observed in which was previously determined not to be
3 anything that Fieldwood caused. There was some
4 investigation that took place over that period of time.

5 There were a number of campaigns that took place
6 over a lengthy period of time during the summer.

7 Ultimately, in the September-October time period it was
8 identified as the best option to bring the well online, as
9 identified by the Fieldwood and BP, was what we call a
10 single flow line option. Which is what BP and Fieldwood
11 have been working towards since that time and what Fieldwood
12 formerly proposed back in November of 2020.

13 Q And when BP proposed that in November of 2020, what did
14 Fieldwood do?

15 A So this was something that had been verbally discussed
16 as the best option back, I believe and to my knowledge, in
17 the September-October time frame. In October of 2020 during
18 an update meeting between our operations team, BP had more
19 formally suggested that the single flow line plan was their
20 recommendation for the best way to address the issues that
21 we were having. That aligned with the discussions that we
22 had, had with BP over the couple months since some of these
23 issues have been better understood given the operational
24 activity that took place prior to September.

25 And in order to push that solution forward, which

1 BP had suggested in October would be completed, in the first
2 quarter of this year, through written materials that they
3 provided us in discussion, Fieldwood took the initiative to
4 do everything within our capabilities to move forward with
5 that action. We submitted a formal proposal on November 2nd
6 to BP outlining every step that was necessary, in order to
7 accomplish certain tasks. And in order to make certain that
8 they happened as expedited manner as possible, Fieldwood
9 actually committed significant resources both financial and
10 operational to advancing these work streams.

11 We submitted purchase orders for the material, we
12 started our vendors with respect to fabrication efforts that
13 were required. We began doing the work that was required
14 for various permitting processes. So it was our attempt all
15 along to try to move this forward on a parallel path,
16 recognizing that the dates we were looking at in the October
17 time frame, as suggested by BP, was the first quarter. At
18 that point in time, we believed that it was very reasonable
19 we could have had this well online prior to the end of the
20 year, but we know that BP was operating under different
21 timing assumptions.

22 Q All right. Does BP have any wells tied to the loop
23 system, the subsea loop system?

24 A They do. They have a well called Isabella which is
25 also tied into the subsea loop system.

1 Q And was that well impacted by the anomaly?

2 A That well was. The whole loop system was impacted by
3 the anomaly. However, BP undertook, on a much expedited
4 basis, the activities, which were required to be able to
5 produce their own well Isabella, through a separate single
6 flow line on the loop, which is similar to what Fieldwood is
7 trying to accomplish on the other side of the loop, albeit
8 it, it's a somewhat different operational activity necessary
9 to establish that production. And to my knowledge they've
10 been producing that well since the fourth quarter of last
11 year.

12 Q Now from a -- from the standpoint of agreeing to the
13 various agreements that existed between BP and Fieldwood.
14 Is Fieldwood prepared to abide by those agreements in
15 connection with the single flow line and the other items
16 that have to be done in connection with the loop system?

17 A Certainly. We recognize that.

18 Q And has that ever been communicated to BP?

19 A Absolutely. We have talked on an ongoing basis about
20 our obligations under these agreements. And that's been
21 well communicated to BP.

22 Q Now speaking from a financial standpoint, does
23 Fieldwood have the resources in order to complete the
24 various work that needs to be done?

25 A Yes. As I mentioned, back in early November, alongside

1 submitting a very detailed operational plan and proposal to
2 BP, outlining every step that was required to be taken to
3 bring our well online through the single flow line option,
4 which we both identified as being a solution. Fieldwood
5 also offered on an ongoing basis to conduct those activities
6 ourselves in a similar manner to how Fieldwood conducted
7 previous operations which BP consented to Fieldwood
8 operating. So that has been something we have been standing
9 by ready to do if given consent by BP in order to operate
10 and we've clearly had our plans on how we would accomplish
11 those operations.

12 Q Is the Genovesa well material to BP's -- I'm sorry --
13 to Fieldwood's ongoing plan of reorganization?

14 A Yeah. So this is a very material well for Fieldwood.
15 Fieldwood and our partners have invested over \$160 million
16 in this project to date. We own, as I mentioned, 65 percent
17 of this well in terms of our working interest. Our co-
18 working interest owners own 35 percent in this well. So our
19 net investment is over \$100 million. The production that is
20 associated with this well is a very significant amount of
21 our production today and what is going to be our reorganized
22 company. Is a very important driver of not only our near-
23 term production but our long-term value. And I think that
24 the delays that we've been experiencing have a cash flow
25 impact on the company. But more so than that, the status of

1 this lease potentially be in jeopardy as would have you the
2 very serious potentially irreparable consequences to our
3 overall restructuring.

4 Q And do you have an estimate as to what you think the
5 overall value of this lease and this prospects are with
6 respect to the company on a go forward basis?

7 A So I mentioned we've invested, us and our partners,
8 over \$150 million. I think that our view of the value of
9 this well is multiples of that. We certainly think that
10 this is a very, very material contributor in the hundreds of
11 millions of dollars to the value of our estate and to the
12 reorganized company which is a critical part of our
13 restructuring -- our contemplated restructuring plan.

14 MR. PEREZ: Nothing further, Your Honor. I pass
15 the witness.

16 THE COURT: All right. Thank you.

17 Who's going to cross-examine Mr. Dane.

18 MR. STARK: Yes, Your Honor. This is Bill Stark,
19 I will.

20 THE COURT: Thank you, Mr. Stark.

21 MR. STARK: Thank you, Your Honor.

22 CROSS-EXAMINATION OF MICHAEL T. DANE

23 BY MR. STARK:

24 Q Thank you, Mr. Dane. I want to make sure I accurately
25 understand the nature of the emergency that's brought us

1 here today. I believe you testified that's as a result of
2 the recent January DOI order is that correct?

3 A That's one reason that we feel that there's such
4 emergency.

5 Q Okay. What are the other reasons that there's an
6 emergency?

7 A Well as of -- we have certain standards under
8 agreements of how operators need to conduct operations. In
9 the ordinary course, we would never put a lease potentially
10 in jeopardy or susceptible to only having it extended by
11 virtue of having an SOP granted. In any event, where it's
12 within certain operator controls to not suspect a leak to
13 that type of jeopardy. So just being in this circumstance
14 in the first place, where we have a lease that's coming up
15 on a critical lease expiration date at a point when it's
16 been a year-and-a-half since that well has been drilled is
17 not how we view certain operations.

18 The DOI order activates this issue to an even
19 greater magnitude, because there's been a tremendous amount
20 out of uncertainty that's been introduced as to how and
21 under what conditions leases will be granted, extended, and
22 how regulators will be doing things going forward. That may
23 be different than they've done in the past. I think
24 industry in general is pretty unanimous with respect to the
25 fact that the ambiguity through some of these orders that

1 have been issued is just an unknown and we don't quite know
2 how it will all work going forward.

3 Q Okay. I want to make sure I understand everything I
4 heard. Other reasons that you believe create an emergency
5 (indiscernible)?

6 A The nature of the timing of the lease, both with
7 respect to the lease expiration date and the uncertainty of
8 getting an SOP, is why we feel -- and the timing in which we
9 will know when we would get an SOP which is typically only
10 at or around the actual date of the expiration of the lease.
11 So that's predominantly the reasons why we are here today on
12 an emergency basis.

13 Q What was the first time that Fieldwood alleged that BP
14 failed to act as a reasonably prudent operator?

15 MR. PEREZ: -- the question.

16 THE COURT: Sustained.

17 MR. PEREZ: Object to the form of the question.

18 Misstates --

19 THE COURT: Sustained.

20 MR. PEREZ: -- the testimony.

21 THE COURT: Sustained.

22 BY MR. STARK:

23 Q Is it Fieldwood's contention that BP has failed to act
24 as a reasonably prudent operator?

25 A In my view, jeopardizing a lease with this significant

1 value by inaction is not acting as a reasonably prudent
2 operator.

3 Q So is that a yes?

4 A I'm sorry, could you repeat your question?

5 Q Is that a yes that you are -- that Fieldwood is
6 alleging that BP has failed to act as a reasonably prudent
7 operator?

8 A Yes.

9 Q When was the first time Fieldwood made that allegation?

10 A Fieldwood expressed its concerns about how operations
11 had been handled with respect to Genovesa, dating back all
12 the way to after having drilled and completed this well, and
13 then having had an experience of in excess of a year in
14 which we have not been able to bring this well online. So
15 it's been a continuous dialog with respect to BP as to their
16 inaction to allow us to produce this well.

17 Q I appreciate that. My question is a little different.
18 When was the first time that Fieldwood made the allegation
19 that BP failed to act as a reasonably prudent operator?

20 MR. PEREZ: Objection to form of the question.
21 Misstates the testimony.

22 THE COURT: Sustained. I'm sustaining not because
23 it misstates the testimony, but because it assumes a fact
24 not in evidence.

25 BY MR. STARK:

1 Q Has Fieldwood alleged that BP has failed to act as a
2 reasonably prudent operator?

3 MR. GENENDER: Object to the form of the question,
4 Your Honor, vague.

5 THE COURT: Overruled.

6 BY MR. STARK:

7 A With all companies that we try and operate with --
8 excuse me Your Honor -- have partnerships with, we don't
9 usually start from the posture of trying to go down a legal
10 road and make allegations that folks aren't operating within
11 the requirements of certain agreements. I can't tell you
12 that from the beginning of this process we have alleged that
13 BP has not been acting as a reasonably prudent operator,
14 because our objective throughout this entire year-and-a-half
15 long process has been to work as constructively as we can in
16 order to get this well online and not to be sitting here
17 today with the types of risks we're facing. So the
18 allegations have arisen, because over an extended period of
19 time with this inaction, and we're sitting here today with a
20 very real deadline which we can avoid by working
21 cooperatively over several months --

22 THE COURT: Mr. Dane, I'm going to --

23 BY MR. STARK:

24 A -- and our view today --

25 THE COURT: Mr. Dane, I'm going to interrupt you.

1 I made Mr. Stark ask the right question. He asked the right
2 question, go ahead and answer his question please.

3 BY MR. STARK:

4 A I'm sorry, Mr. Stark. Can you repeat the question?

5 Q I'm not sure I remember. I'll give it a shot. Has
6 Fieldwood alleged that BP failed to act as a reasonably
7 prudent operator?

8 A I believe that our motion that we filed has that
9 allegation in it.

10 Q In fact, the emergency motion was the first time
11 Fieldwood made that allegation, isn't it?

12 A It's the first -- that motion is the first time that we
13 brought this issue in front of the Court.

14 Q And it's also the first time that Fieldwood's alleged
15 that BP failed to act as a reasonably prudent operator isn't
16 it?

17 MR. PEREZ: Object to the question. Ask and
18 answered, Your Honor.

19 THE COURT: Overruled.

20 BY MR. STARK:

21 A I'm not aware if we made that formal allegation. I
22 know that -- I know that our legal department has exchanged
23 a number of notices over the course of many months. I'm not
24 aware if specifically identifying failure to act as a
25 reasonably prudent operator was in those notices or not.

1 Q You discussed the anomaly that was discovered in April
2 of 2020, do you recall that?

3 A Yes, sir.

4 Q Was it reasonably prudent for BP to investigate the
5 nature of that anomaly?

6 A Absolutely.

7 Q Was it reasonably prudent for BP to investigate
8 ultimately the source of a leak?

9 A Yes.

10 Q Was it reasonably prudent not to flow the Genovesa well
11 during those investigations?

12 A Yes.

13 Q Was it reasonably prudent for BP to suggest the single
14 flow line alternative?

15 A Yes. Although I believe that, that was something that
16 was suggested by both parties.

17 Q Are you aware of the bolt tightening attempt?

18 A Yes. I am.

19 Q And that occurred in early January of this year, is
20 that correct?

21 A Yes.

22 Q Was it reasonably prudent for BP to attempt the bolt
23 tightening?

24 A Fieldwood would have likely attempted that same
25 operation. I think that, that was reasonably prudent.

1 Q You're aware that -- notwithstanding the fact that it
2 was reasonably prudent to attempt that ultimately was not
3 successful. Are you aware of that?

4 A I am aware.

5 Q And you're aware that BP suggested that Fieldwood
6 should engage with the regulators at BSEE regarding an SOP,
7 are you aware of that?

8 A Yes.

9 Q Was it reasonably prudent for BP to suggest that
10 Fieldwood engage with BSEE regarding an SOP?

11 A Yes.

12 Q And in fact Fieldwood attempted to engage with BSEE
13 regarding an SOP in mid to late January, is that correct?

14 A I'm sorry can you repeat that question one more time?

15 Q Fieldwood intended to engage with BSEE regarding an SOP
16 in mid to late January of this year, correct?

17 THE COURT: So Mr. Stark, I just want to -- the
18 first time you asked the question you said attempted and
19 this time you said intended, I just want a clear record as
20 to what question you were asking him. Sometimes it's tough
21 on the recording and I may have heard you wrong. But let me
22 just get you to try again, just to be sure we get the right
23 question.

24 MR. STARK: Thank you, Your Honor. I apologize.

25 BY MR. STARK:

1 Q Fieldwood intended to engage with BSEE regarding an SOP
2 in mid to late January of this year, correct?

3 A No. So an SOP is only required when you don't believe
4 that you can conduct the operations in time in order to
5 accomplish preserving a lease without the need for an SOP.
6 And so Fieldwood's primary objective was to encourage the
7 actions that are required in order to avoid an SOP, and
8 utilize an SOP in the point in time when it's clear that
9 those actions will not be successful with meeting the
10 deadlines that are otherwise required.

11 And so there's been a difference of opinion about
12 what the appropriate time is to apply for an SOP. We've had
13 a lot of dialog with respect to the regulators about what
14 that timing is. But to be clear we believe it is -- if it
15 becomes to necessary to get an SOP it's absolutely something
16 that we will and should do. We don't believe it's necessary
17 to get an SOP, when you can take other actions that would
18 avoid the need for an SOP. And that's the same way that the
19 regulators view the process for receiving an SOP as we
20 understand it.

21 Q Just so I'm clear, it is your testimony that Fieldwood
22 did not intend to engage with BSEE in mid to late January of
23 this year regarding an SOP is that correct?

24 A That's not correct?

25 Q So Fieldwood did intend to engage with BSEE mid to late

1 January of this year regarding an SOP?

2 MR. PEREZ: Objection to the question, Your Honor.

3 Asked and answered.

4 THE COURT: Overruled.

5 You can answer, Mr. Dane.

6 BY MR. STARK:

7 A So Fieldwood has engaged with BSEE --

8 THE WITNESS: I'm sorry, Your Honor.

9 THE COURT: I just said you can answer.

10 THE WITNESS: Okay. Thank you.

11 BY MR. STARK:

12 A So Fieldwood has engaged with BSEE on the appropriate
13 way to obtain an SOP. We've had dialog with the department
14 that issues those SOPs where we sought guidance from them.
15 We have filled out an application and paid for it and taken
16 a number of steps to submit an SOP, if and when that SOP
17 becomes necessary, under the terms of which the regulators
18 have explained to Fieldwood is the appropriate way to submit
19 an SOP.

20 Q Well help me understand. We're having an emergency
21 hearing, is this not the time to submit an SOP?

22 A In our opinion, this is not the time to submit an SOP.

23 Q Why is that?

24 A The regulators have told us, and it is our experience
25 through SOP submissions on a host of other leases over an

1 extended period of time, that an SOP is supposed to be
2 submitted once it becomes clear that the activities that
3 would otherwise require the SOP can't be conducted. So if
4 the lease -- if the operations can be conducted that
5 mitigate the need for an SOP, an SOP is not supposed to be
6 submitted until that time -- until that time at which is
7 becomes clear that the actions will not be successful, by
8 the key milestone dates.

9 What we have been advised and we have seen
10 published literature by BOEM and BSEE is that typically SOPs
11 are submitted three to four weeks ahead of the lease
12 expiration deadlines, and that they require a schedule that
13 shows how the activities that will be conducted in order to
14 (indiscernible) production.

15 Q Now although three to four weeks may be typical, this
16 is an untypical time if I understand your prior testimony
17 regarding the January DOI order, is that correct?

18 A That's correct.

19 Q So not withstanding what may be typical but why would
20 Fieldwood not yet submitted for an SOP?

21 A Fieldwood hasn't submitted an SOP, because we can't
22 seem to get alignment with BP on a schedule to attach to
23 that SOP. It's our view that the schedule that BP is
24 seeking to impose upon Fieldwood, artificially extends the
25 timing that's necessary to conduct these operations. And

1 our concern is that, if we submit that SOP, which would not
2 be following the regular guidance that we've gotten from
3 BSEE about the timing and conditions under which you're
4 supposed to, but nevertheless if we submit that SOP with
5 this artificially extended timing that BP will not work
6 towards a reasonable schedule to preserve the lease.

7 And in any event the decision on an SOP will not
8 be given until the time at which the lease is otherwise set
9 to expire. Which gives us even further concern about the
10 schedule that BP is suggesting that Fieldwood attach to that
11 SOP. But to be clear, Mr. Stark, we don't have an issue
12 with submitted an SOP.

13 Q Now you don't know when an SOP would be granted or
14 denied do you?

15 A No. That's precisely the problem.

16 Q So Fieldwood could submit for an SOP today and it could
17 be granted later this week?

18 A Correct. And if we had an agreed schedule, Fieldwood
19 would do exactly that.

20 Q What is Fieldwood's objections -- or excuse me -- what
21 are Fieldwood's objections to the schedule BP provided?

22 A The schedule that BP provided has a number of
23 activities, particularly the things that happen after the
24 lease expiration date, which are clearly entirely with in
25 the control of BP. And those activities are things that in

1 our view take a very abbreviated amount of time in order to
2 do. Things that should have been already done or can be
3 done today and over the course of a very brief period of
4 time. And so to put those activities at the very end of the
5 schedule and suggest that's not within our control to do
6 that today, we think is disingenuous and unnecessary.

7 Q Which activities specifically are those?

8 A Those specific activities were the host readiness
9 activities that -- I'm doing from memory because I don't
10 have the schedule right in front of me -- but it's the last
11 activity that was in the BP schedule. That's not the only
12 activity, we have a general disagreement with respect to the
13 activity schedule, but that specific activity we feel like
14 is an item that should be brought forward.

15 Q What are the other disagreements?

16 A Well the disagreements are the activities that would
17 not take place sooner than the schedule that Fieldwood has
18 submitted to BP since November.

19 Q So any date that doesn't meet Fieldwood's schedule of
20 November is objectionable, is that correct?

21 A No.

22 Q Well, apparently, I don't understand. What are the
23 other disagreements Fieldwood has with the schedule BP
24 proposed?

25 A Well the primary --

1 MR. PEREZ: Object to the question. Asked and
2 answered.

3 THE COURT: Sustained.

4 And Mr. Stark, the reason I'm sustaining, I just
5 want to explain it so if you want to redo your question you
6 can. He said from memory this one, but if I see the
7 schedule there's more. And then you're asking him for more
8 without showing him the schedule. He's already answered
9 that. But if you were to show him the schedule I would let
10 you then ask him more questions. I just don't want you to
11 be misled about what my ruling means.

12 MR. STARK: Thank you, Your Honor. I appreciate
13 that.

14 Rachel, if you will, please pull Exhibit 23?

15 THE COURT: I need to give her the presenter role,
16 who is -- what's the name of the person I'm looking for?

17 MR. STARK: Rachel Himmel (phonetic).

18 THE COURT: All right. Just a moment.

19 MR. STARK: Thank you, Your Honor.

20 MS. HIMMEL: Bill, do you want the most recent
21 schedule proposal pulled up?

22 MR. STARK: It's Exhibit 23.

23 MS. HIMMEL: Yeah. Okay. Got it, just a second.

24 THE COURT: In the meantime, Mr. Dane, you're
25 going to get a message on your phone, I want you to go ahead

1 and ignore it, just trying to get my system online.

2 THE WITNESS: All right.

3 MR. GENENDER: Your Honor, Paul Genender. I don't
4 have an Exhibit 23. The list that I have from BP says
5 Exhibit 23 is not used.

6 I think it's Exhibit 24, Mr. Stark.

7 THE COURT: What got put up on the --

8 MR. STARK: I apologize --

9 THE COURT: -- screen is called Exhibit 20.

10 MR. STARK: It's 24, I apologize.

11 THE COURT: So what's this exhibit number again?

12 MR. STARK: 24, Your Honor.

13 THE COURT: 24. Thank you.

14 MR. STARK: Can we blow that up? Can we zoom in
15 on this?

16 THE COURT: Ms. Himmel, I think, if you'll see to
17 it that, that exhibit takes up more of your screen, it will
18 then take up more of our screen. I think you can make it
19 bigger on your computer screen. Like the whole page bigger.
20 Maybe not. Okay.

21 BY MR. STARK:

22 Q So, Mr. Dane, if I understand you correctly, Fieldwood
23 disagreed with the health facility readiness and well start
24 up date of May 15, 2021, is that correct?

25 A That's one item on the schedule that we disagree with,

1 correct.

2 Q What are the other items on the schedule that Fieldwood
3 disagrees with?

4 A So I'm not the operational expert. We have -- we've
5 laid out a very detailed critical path plan that BP's had
6 since November, and we've also proposed a separate SOP
7 schedule, which again in our view is not the schedule that
8 should dictate the operational timing, but it's the back-up
9 plan in the event that it doesn't happen. And the schedule
10 that we proposed is the schedule that we think is
11 immediately achievable and any discrepancies between the two
12 are what we believe are not reasonable.

13 Q So do I understand you correctly, that looking at this
14 exhibit you can't identify for me the other items Fieldwood
15 finds objectionable?

16 A I know that from conversation the timing of the host
17 facility readiness and well startup, it's the timing and
18 duration is one of the more significant variances between
19 our schedules. And I believe that the timing with respect
20 to a number of these other items is slightly different than
21 what Fieldwood believes is appropriate.

22 Q Which other items are those?

23 A I would have to see our schedule to be able to compare
24 them.

25 Q What about the health facility readiness and well start

1 up that Fieldwood believes is objectionable in terms of
2 timing and duration?

3 A So that's outside my area of expertise.

4 Q Fair enough.

5 Other than Fieldwood's subjective concern with the
6 January DOI order, what else is there to substantiate
7 Fieldwood's fear that there's been some sort of change in
8 how the DOI issues SOPs?

9 A I think SOPs, in general, are not a place that you want
10 to find yourself with respect to critical lease situations.
11 It's an extension when you cannot conduct an activity, and
12 there's never an assurance that an SOP will be granted.
13 Today's environment and that order and the several orders
14 that we've seen from the Department of Interior and the
15 Executive order that's been issued, introduces additional
16 uncertainty that we think is unnecessary given the fact that
17 we know these activities can be conducted in a way that
18 doesn't introduce that type of risk.

19 Q Now you reference other orders, which other orders are
20 those?

21 A There was an executive order that was issued on climate
22 day surrounding leasing moratoriums and other fossil fuels,
23 you know, changes to the regulatory framework.

24 Q What sort of changes to regulatory framework?

25 A We know that there's going to be a moratorium on

1 leasing subject to further review. We know that there's
2 going to be a review of loyalty rates, there's going to be a
3 review of fossil fuel subsidies, a review of emissions.

4 Q Mr. Dane, have you ever personally been involved in
5 applying for an SOP?

6 A Would you mind clarifying for me what that means?

7 Q Have you personally been involved in creating materials
8 that are submitted in hopes of obtaining an SOP?

9 A I've not personally filled out a form, but I've been
10 involved in the process of submitting an SOP.

11 Q When you say involved in the process, what was your
12 involvement?

13 A To understand this SOP was necessary, when and how we
14 would (indiscernible), and following up on the process to
15 understand if it was granted or denied.

16 Q Did you ever discuss SOPs with anyone at BSEE?

17 A I have not personally discussed SOPs with anyone at
18 BSEE.

19 Q Are you aware that notwithstanding Fieldwood's November
20 proposal regarding the single flow line, BP continued to
21 request additional information from Fieldwood?

22 A We have an ongoing relationship with the teams, and I
23 know that requests on both sides have been a feature of that
24 relationship.

25 Q You said that Fieldwood has -- strike that. I recall

1 you testified that Fieldwood has the resources necessary to
2 complete the single flow line, is that correct?

3 A That's right.

4 Q In the unfortunate event that something goes wrong
5 during the process to implement the single flow line, who
6 pays for that?

7 MR. PEREZ: Objection to the question, Your Honor,
8 to the extent it calls for a legal conclusion.

9 THE COURT: Sustained.

10 BY MR. STARK:

11 Q In the event something goes horribly wrong during the
12 operations to implement the single flow line, do you have an
13 understanding of who would be responsible to pay for it?

14 MR. PEREZ: Same objection, Your Honor.

15 THE COURT: I'm going to overrule it and I want to
16 explain why, because usually I do sustain when you get those
17 follow up questions. But Mr. Dane is said to the have the
18 resources in order to do this and within that I need to know
19 whether his understanding of the required resources includes
20 the ability to handle any sort of catastrophic leak that
21 might occur. I don't know whether that was included or not
22 included, so it's a fair question given his testimony.
23 Therefore, I'm going to allow his understanding to come in,
24 not as to the legal conclusion of the actual facts but as to
25 what he's thinking of when he says they have resources. So

1 the objection's overruled on that limited basis.

2 Mr. Dane.

3 BY MR. STARK:

4 A Mr. Stark, do you mind repeating the question one more
5 time?

6 Q I'll do my best, sir. In the event something goes
7 horribly wrong during the installation of the single flow
8 line, do you have an understanding as to who would be
9 responsible for those costs?

10 A So our agreements govern the liability of certain
11 parties and the indemnifications that may be appropriate. I
12 think it depends -- I can't tell you if things go horribly
13 wrong, I think that would depend on the circumstances that
14 cause that issue to arise. But I do generally -- what
15 Fieldwood has proposed in doing these operations is
16 indemnifying BP in the same manner in which it has -- BP has
17 agreed for Fieldwood to do these similar types of operations
18 in the past. And I think your statement of, if things go
19 horribly wrong, needs to be put in the context of the type
20 of operation that we're discussing which are not down hole
21 operations or drilling operations, it is the replacement of
22 a piece of empty pipe to another pipe.

23 Q So in the event something does go horribly wrong, does
24 Fieldwood have the resources to pay for that should they be
25 found liable?

1 A So Fieldwood has extensive insurance, we have a very
2 adequate current liquidity and resources in order to conduct
3 these types of operations. And we believe we do have the
4 resources required with reasonable -- with the reasonable
5 risks that we think that these operations entail, which we
6 don't view any different than the ordinary risks that we
7 assume by being a current operator in the shallow and
8 deepwater of the Gulf of Mexico.

9 Q So I understand you correctly, Fieldwood specifically
10 has insurance coverage that would cover the unfortunate
11 event that something went horribly wrong and Fieldwood were
12 determined to be responsible, is that correct?

13 MR. PEREZ: Object to the form of the question, I
14 think it misstates his testimony.

15 THE COURT: Sustained.

16 BY MR. STARK:

17 Q Does Fieldwood have insurance policies that would cover
18 the unfortunate event where there were a catastrophic
19 failure or a catastrophic result during the installation of
20 the single flow line and Fieldwood was determined to be
21 responsible?

22 MR. PEREZ: Same objection, Your Honor.

23 THE COURT: I need to understand better what
24 you're getting at Mr. Stark. He testified that this is only
25 the laying of an empty pipe. And so if you're talking about

1 a catastrophic result, I could think of, you know, a diver
2 perishing through an accident. I can think of the pipe not
3 working, because you can't connect one end to the other.
4 Which is you know, sort of catastrophic for the project but
5 not catastrophic for life.

6 I have difficulty thinking of a catastrophic
7 environmental problem if all that we're doing is laying an
8 empty pipe. So I want you to define a little better what
9 you're asking him about in a context of his testimony. Or
10 maybe you want to disagree and push him a little bit on
11 whether all this is, is the laying of any empty pipe. But
12 the risks are different between laying an empty pipe and
13 laying a pipe that is under pressure where you're doing
14 repair to it.

15 MR. STARK: I appreciate that, Your Honor.

16 BY MR. STARK:

17 Q Mr. Dane, on what do you base the belief that this is
18 an empty pipe?

19 A Well on facts. And it's not a pipe that has
20 hydrocarbons in it. It's a pipe that to my knowledge --
21 again I'm not the operational expert. This is an activity
22 that we've run numerous times. This is a piece of pipe
23 that's being connected from on piece of the subsea
24 infrastructure to another piece of subsea the
25 infrastructure. These types of operations to my knowledge

1 never involve a piece of -- a pipe that has hydrocarbons at
2 the time of installation.

3 Q So I appreciate that you are not a technical expert in
4 this area. So if the technical experts in this area told us
5 that the pipe did contain hydrocarbons, would you defer to
6 their expertise?

7 A Yes.

8 Q And what sort of insurance coverage is available if
9 these pipes to contain hydrocarbons and there were a
10 catastrophic event?

11 A So I don't have all the details of our various
12 insurance policies, but we have a very, very robust set of
13 policies. All operators in the Gulf of Mexico are required
14 to have a minimum level of insurance which we do. And so I
15 would have to defer to our risk management group on the
16 specifics of our insurance policies.

17 Q Do you know the policy limits on the policies?

18 A Off hand, I cannot tell you the policy limits under
19 each of our policies here today.

20 Q Can you tell us under any of them?

21 A Yes. I can.

22 Q What are those?

23 A We have a wind storm insurance which doesn't which
24 doesn't seem like it's appropriate here, but has a 300 plus
25 million dollar limit. We have operators extra expense and

1 general liability which I believe has a \$500 billion limit
2 offhand. We have numerous other policies, but I can't tell
3 you the details of them without consulting our risk
4 management group or for all our policies and such.

5 Q Does Fieldwood intend to reject the LSP operating
6 agreement?

7 MR. PEREZ: Object to the form of the question,
8 Your Honor, relevancy.

9 THE COURT: Tell me the relevance, Mr. Stark?

10 MR. STARK: Your Honor, it's relevant to the
11 extent that there are obligations under the operating
12 agreement for Fieldwood to be responsible for the cost of
13 these sorts of events. And if we begin taking the event and
14 Fieldwood rejects the policy, then BP may be left holding
15 the bag.

16 THE COURT: I'm not entering an order that leaves
17 BP holding the bag. I made clear yesterday that any order
18 that I entered, that any risk that you are asked to take by
19 Fieldwood post-petition, will be a post-petition payment
20 obligation against Fieldwood and I will not back off that
21 position. So I think we can move ahead. Because I'm not
22 ask -- I will not ask you to do that.

23 MR. STARK: Thank you, Your Honor.

24 Pass the witness.

25 THE COURT: Mr. Dane, I don't know if this is a

1 question for you or if it needs to be differed for a
2 technical person. How long is this pipe, roughly? Are we
3 talking a 100-yard pipe or a 100-mile pipe?

4 THE WITNESS: We have our expert Venkatesh Bhat on
5 the phone. I believe that he would have the correct answer
6 to that question. It is not a multi-mile section of pipe.
7 But Mr. Bhat would be the correct person to answer that
8 question.

9 THE COURT: And the procedure -- in the terms of
10 the process where you said that Fieldwood will undertake it.
11 In my own mind, I'm thinking of the following, and maybe I'm
12 thinking of this wrong. I've got a piece of pipe. And on
13 one end it's going to connect up to the production from the
14 well, and on the other end it's going to connect up to some
15 sort of a gathering system. Is Fieldwood proposing to lay
16 the pipe to hook up on the production end or to hook up on
17 the gathering end? You know, which of those, if I can
18 divide this into those three major tasks, is Fieldwood
19 saying it will undertake?

20 THE WITNESS: So the piece of pipe that's being
21 replaced is a jumper, which is a small section of pipe
22 between the well head and another subsea piece of
23 infrastructure. We're basically just rerouting one section
24 of pipe that's already in place, due to where the leak event
25 is. And we are taking -- the connections don't happen

1 directly to the loop system, they happen to various
2 components of subsea infrastructure, and we're just
3 rerouting two jumpers to form one connection. I believe we
4 have a schematic that may be helpful.

5 THE COURT: But are you -- is Fieldwood proposing
6 -- first of all are those three broad components of work
7 that I described a reasonable way for a lay guy like me to
8 think of this?

9 THE WITNESS: It is, Your Honor.

10 THE COURT: So I know that -- or at least I think
11 you're proposing that you'll lay the pipe, right?

12 THE WITNESS: Correct. The operation is taking an
13 existing jumper and removing it and connecting a new jumper
14 in a different location.

15 THE COURT: So let's start then with connecting it
16 to the well head. Under your proposal, who connects it at
17 the well head?

18 THE WITNESS: So Fieldwood is the operator of the
19 well itself. But because BP is the operator of the loop
20 system which Fieldwood owns an interest in, BP as operator
21 of that loop system under our agreements as they are today
22 would be the one that would conduct those operations. In
23 the past, BP has agreed to let Fieldwood do these operations
24 and the operation that we did in April of this year was
25 effectively the same operation that we're talking about

1 doing now. So BP would do it --

2 THE COURT: I'm asking -- I'm asking are you
3 volunteering or offering to lay the pipe? To lay the pipe
4 and hook it up at the well head? Or to lay the pipe and
5 hook it up to the well head and hook it up at the other end
6 of the jumper. I just want to know what it is that
7 Fieldwood is saying it can do if BP doesn't want to do it?

8 THE WITNESS: The technicalities of where these
9 jumpers intersect the different subsea equipment is the only
10 thing that's giving me pause to answer your question. But
11 to answer your question, we are proposing to undertake all
12 of the operational activities associated with removing the
13 jumper that needs to be removed and then replacing it with
14 the rerouted jumper to make the correct connection. So all
15 the subsea activities is what Fieldwood would be providing.

16 THE COURT: Thank you.

17 All right. Any follow ups, Mr. Perez?

18 MR. PEREZ: Nothing else, Your Honor, thank you.

19 THE COURT: Mr. Stark any follow ups with the
20 questions that I asked?

21 MR. STARK: Not at this time, Your Honor.

22 THE COURT: Thank you, Mr. Perez.

23 MR. PEREZ: Your Honor, nothing further. May
24 Mr. Dane be excused?

25 THE COURT: Yes. Thank you.

1 THE WITNESS: Thank you.

2 MR. PEREZ: -- going anywhere but --

3 MR. GENENDER: Your Honor, may I call my next
4 witness?

5 THE COURT: Yes.

6 MR. GENENDER: Thank you, Your Honor. Paul
7 Genender for the Debtors we would call Venkatesh Bhat
8 please, Your Honor.

9 THE COURT: Mr. Bhat, would you press five-star
10 one time on your phone please? Thank you.

11 (Witness sworn.)

12 THE COURT: Thank you, Mr. Bhat

13 Go ahead please, Mr. Genender.

14 MR. GENENDER: Thank you, Your Honor. Could I ask
15 that Ms. Choi -- Erin Choi, be the presenter?

16 THE COURT: Of course. All right. She's a
17 presenter.

18 MR. GENENDER: Thank you, Your Honor.

19 DIRECT EXAMINATION OF VENKATESH BHAT

20 BY MR. GENENDER:

21 Q Mr. Bhat can you please state your full name for the
22 record, and for the benefit of the record can you spell your
23 first and last name please?

24 A Venkatesh Bhat. V-E-N-K-A-T-E-S-H that's my first
25 name. Last name is Bhat, B-H-A-T.

1 Q Thank you, sir. How are you employed, Mr. Bhat?

2 A I'm a Senior Subsea Engineer for Genovesa with
3 Fieldwood.

4 Q And what is -- what does that role entail?

5 A My job is to execute the project from concept to the
6 first production. Essentially, that's the role I'm in.

7 Q How long have you been with Fieldwood, sir?

8 A It's two years and five months.

9 Q And what is your prior experience before joining
10 Fieldwood?

11 A I worked for (indiscernible) energy for five years,
12 same role.

13 Q What about before that?

14 A I was with BP as a subsea engineer.

15 Q And how long -- how long have you worked in the energy
16 industry as an engineer?

17 A Sixteen years.

18 Q And what is your educational background, sir?

19 A I did my bachelor's in mechanical engineering from
20 India. I did my masters here in the US, five year in it --

21 Q And your masters, was it in engineering?

22 A Yeah. That's right.

23 Q Thank you. And, sir, are you familiar with the single
24 flow line option that's been proposed by Fieldwood?

25 A Yes.

1 Q And you heard Mr. Dane's testimony just now, is that
2 right?

3 A Yes.

4 Q Do you have an understanding of how long it's going to
5 take to get Genovesa online from an operational perspective,
6 sir?

7 A Yes.

8 Q And what is that understanding?

9 A It takes -- if we do have to do this project, we should
10 be able to get the well flowing and commissioning by the
11 March.

12 Q Okay.

13 THE COURT: I'm sorry. By when? I didn't hear by
14 when.

15 THE WITNESS: End of March. Sorry, sir. End of
16 March.

17 BY MR. GENENDER:

18 Q Mr. Bhat, I'm going to actually ask you maybe a similar
19 or maybe the exact question that Judge Isgur asked Mr. Dane.
20 Can you describe for the Court which of the necessary
21 operations Fieldwood can undertake in connection with the
22 simple flow line option?

23 A Yes. Are you asking the whole scope of work or
24 specific to certain activities like jumper decommissioning
25 that Fieldwood will undertake?

1 Q I think I'm going to ask you to explain the total scope
2 of work. And go into as much detail -- you proceed through
3 that however it makes sense to you, sir.

4 A Okay. So today we have the scope of work entails two
5 jumpers that need to be decommissioned. One of the jumpers
6 belongs to Fieldwood Genovesa project, we call that the
7 Genovesa push jumper. The second jumper is BP's LSPS jumper
8 that connects San Diego Flem (phonetic) one to San Diego
9 Flem two. Those are the jumpers need to be recovered. Once
10 we recovered we do methodology and then the new jumper is
11 being fabricated in (indiscernible) and once we get the
12 final metrology -- metrology is nothing but you measure two
13 ends of the connections system to the very fine accurate
14 number subsea by some scanning equipment, we actually
15 fabricate the jumper above 90 percent. Last 10 percent the
16 final weld is (indiscernible) and once we have this data we
17 make that fine tune inspected (indiscernible) jumper and
18 then you install the subsea. So that's one aspect of it as
19 far as installing of the subsea (indiscernible). The jumper
20 is 116 foot long, Judge, you asked that before. So once the
21 jumper is installed, we are saying jumper can be installed
22 by March, about March 24th. And the well is ready to bring
23 on. So whatever activities that need to happen
24 simultaneously is there are certain readiness documentation
25 that need to happen. So that (indiscernible) as a facility

1 is ready to take a hydrocarbon. (Indiscernible) training,
2 all the MOCs has been checked, (indiscernible) set in place,
3 operator training is in place, operating manuals are in
4 place, (indiscernible) diagrams has been done. So we've
5 been working on this for quite a long time on a regular
6 project.

7 For single flow lines, some of those documents
8 will need to be redlined, so I would start those activities
9 right away, if it's not started already, so that you can
10 merge when we install this jumper and where (indiscernible)
11 the well once we install, test the jumper, retest the
12 jumper, and if it successfully passes in two days of time
13 we'll gather all of those testing documents (indiscernible)
14 and we can (indiscernible) the well. So that's what I'll do
15 (indiscernible).

16 THE COURT: Mr. Bhat, what's the diameter?

17 BY MR. GENENDER:

18 Q Thank you.

19 THE COURT: What's the diameter of the pipe? Of
20 the jumper?

21 THE WITNESS: I believe it's 85.

22 THE COURT: How much?

23 THE WITNESS: Eight inch, Judge.

24 THE COURT: Eight inch.

25 THE WITNESS: Yeah.

1 THE COURT: Thank you.

2 MR. GENENDER: Your Honor, are you good or can I
3 keep going?

4 THE COURT: No. I just I'm trying to visualize
5 what we're doing here. And just I know that may not effect
6 much, but it helps me to get a visual image in my mind of
7 what's going on sort of like laying a landscape pipe in my
8 own yard, right. So just trying to understand.

9 MR. GENENDER: I'm not familiar with legos in my
10 house, but I won't go there.

11 BY MR. GENENDER:

12 Q Mr. Bhat, have you prepared a schedule that would
13 reflect the timeline you were just alluding to when you
14 referenced March 24th?

15 A Correct.

16 Q Okay.

17 MR. GENENDER: If I can get -- Ms. Choi if I can
18 get you to put up the first page of our demonstrative.

19 BY MR. GENENDER:

20 Q All right. Mr. Bhat, can you see this page on your
21 screen?

22 A Yes, sir.

23 Q Okay. And there's two columns. One says Fieldwood
24 operating and one says BP's current proposal, do you see
25 that?

1 A Yes.

2 Q Mr. Dane was asked about -- he was asked about dates
3 from BP's Exhibit 24, which do you see whether or not those
4 correspond with the dates on the right-hand column?

5 A Yes. I see those dates.

6 Q Okay. And I want to ask you about the dates on the
7 left-hand column which says Fieldwood operating. Are those
8 dates that came from you and your team, sir? On the
9 operation side?

10 A Yes. That's me and my team.

11 Q And how did your team go about coming up with these
12 dates, Mr. Bhat?

13 A These dates are based on our past experience at
14 Fieldwood, outside Fieldwood. It's business as usual. We
15 have recovered as many as four to five jumpers in last two
16 years, decommission, and installed more than eight jumpers.
17 In Genovesa field itself, we have installed three jumpers.
18 So these dates are based on our past experience.

19 Q Thank you.

20 A Yeah. One correction.

21 Q Please.

22 A Just a -- sorry to interrupt you, one quick correction.
23 The host facility readiness and start up is not specific to
24 Fieldwood. It's a BP facility but all the other facilities
25 was Fieldwood and partner facilities.

1 Q Okay. Thank you. At a high level, looking at the
2 first entry, what is commencement of jumper fabrication,
3 what does that entail?

4 A Commencement of jumper fabrication, so before we get
5 into any kind of fabrication, we start our process with
6 collecting the design requirements, what's the pipe size
7 need to be, how strong the pipe needs to be so that it
8 withstand the pressure and other loading conditions. So we
9 collect the -- and we collect the requirement. Based on
10 that, we come up with design document so -- as part of the
11 engineering.

12 So once we are comfortable with the engineering, which
13 we work with heavily with a subsea -- which is one of the
14 major vendors in the Gulf of Mexico for all the majors and
15 independents, they come up with the drawings and the
16 fabrication drawings. And subsea seven -- is contracted to
17 fabricate this jumper. They're fabricating this jumper in
18 new industries as in modern setting which is a facility
19 where majority of the operators perform their jumper
20 fabrication, pipe fabrication.

21 So where this is basically you are welding your pipes,
22 you have certain templates, skids where you use the
23 qualified belt with the metallurgist and other qualified
24 welders, project managers to make this piece of pipe that's
25 "M"-shaped or "V"-shaped based on right now "M"-shaped.

1 So that's where that jumper is being fabricated. We
2 have started fabricating on 28. That's the day when we
3 issued but we've been engaged with the vendor since January
4 to get up to speed with all requirements and prospects and,
5 you know, drawings and resources all whole kind of different
6 things.

7 THE COURT: Mr. Bhat, again, just so I can get a
8 picture in my mind, is this a series of shorter links of
9 pipes that are joined together, or is this one continuous
10 pipe that is fabricated? What do I see in my 116 feet of
11 link?

12 THE WITNESS: You see different sections of
13 straight pipes joined together with bends and "T".

14 THE COURT: With what now? Joined together with
15 what?

16 THE WITNESS: Bends, like bends, 90 degree bends
17 with five diameter and the "T," just like "T"-shape. So it
18 has variety of different shapes. The majority three
19 different shapes here, one is a 90-degree bend with a
20 radius, next one could be a "T," and the other could be a
21 straight pipe. So there's different kinds of pipe that's
22 joined together with a welding process.

23 THE COURT: And what's the function of not having
24 a straight pipe? Just as layperson as you can --

25 THE WITNESS: Because you --

1 THE COURT: -- describe that to me, why is this
2 not a straight pipe?

3 THE WITNESS: Because you need those bends. If
4 there's no way to bend this thick pipe, you need those
5 right-angle bends so that it connects to the connectors and
6 at the same time it has that 90-degree connection.

7 THE COURT: Is that because the subsurface level
8 is different and on the front end than the back end and so
9 you have to get it higher or lower?

10 THE WITNESS: Yes, depending on jumper design
11 basis document there are certain shapes (indiscernible) the
12 jumper so usually the jumper -- this jumper is "M"-shaped so
13 it goes up and come down all the way to the seabed
14 (indiscernible) and then goes up back to the next leg of the
15 "M." So in this cause, you have bend straight sections that
16 you weld together. So next (indiscernible) doesn't have
17 (indiscernible) that is it depends on design criteria like
18 pressure, vibration, you know, the fatigue life. There's
19 many different aspects you know vibration-induced failures.
20 We look at everything. Based on that you design this piece
21 of pipe.

22 THE COURT: All right, thanks. Go ahead, please.

23 THE WITNESS: Yeah.

24 MR. GENENDER: Thank you. Thank you. Ms. Choi,
25 if you can put up Debtors' Exhibit 16, which is at

1 ECF 834.18, please?

2 BY MR. GENENDER:

3 Q Mr. Bhat, do you recognize this document, sir?

4 A Yes.

5 Q Who prepared it?

6 A I prepared it.

7 MR. GENENDER: Okay. Can we turn to the second
8 page, please, Ms. Choi? All right.

9 BY MR. GENENDER:

10 Q And, Mr. Bhat, can you by directing where on this page,
11 does this page depict any of the -- any aspects of what you
12 were just explaining to Judge Isgur?

13 A That is correct. So --

14 Q Can you -- can you put this picture to your words that
15 you just used, please?

16 A Yeah, I'll try my best. So this is we call this P and
17 ID, piping and instrumentation diagram. The shapes we just
18 we talked about is not shown here. It's just a schematic.
19 So basically the red line, the two red rectangles you're
20 seeing right now is basically the disconnect and connection
21 points for LSPS jumper and a Genovesa jumper.

22 And the well, the Genovesa well, is now connected, the
23 line is connected directly to the right side, rightmost
24 side, and that's where it need to be connected Santiago
25 PLEM2, so that's where it's going to be connected with 116-

1 feet jumper back into a cliff point.

2 Genovesa is a 10,000-foot offset leg from LSPS. So
3 well is 10,000 feet away from this connection point. And we
4 have -- we try connecting to LSPS. We have something called
5 a cliff. It is nothing but a concrete structure where we
6 have a connection point so that conveyor, it's going to be
7 connected with LSPS. So that's what we are seeing right now
8 on the rightmost side, it's a LSPS loop where it's
9 connected. On left most side is going back to Genovesa
10 point.

11 Q Can you -- Mr. Bhat, can you direct the Court to where
12 the leak is on this schematic or diagram?

13 A Correct. I can direct that to try my best. So I'll
14 walk you through this. We have two red rectangles so that
15 rectangles are we call it as a tie-in structure is called a
16 Santiago PLEM1 plan one.

17 So from that rectangle, it's in a straight line of
18 approximately 4,000 foot of flowline, you see another
19 rectangle. That's -- is a Santa Cruz -- it's called a
20 (indiscernible) and this particular rectangle structure is
21 called a Santa Cruz -- Santa Cruz PLEM. That's wall --
22 that's where we have a leaky valve and there's a compromise
23 in the integrity of the system so the Genovesa jumper was
24 connected to the red-filled rectangle that's on the left
25 side, call it a leaf where that rectangle is, that's where

1 it was connected.

2 If I have connect my Genovesa jumper there, it's
3 directly being exposed to -- not directly but there's one
4 there, the green, the connection point the leaky,
5 compromised valve. So we would like to -- we need to have
6 two values requirement so that's why we came up with that
7 option where we recover that time, recover that jumper, you
8 know, put a cap on, catch a cap, and then directly connect
9 it to the next tie point where it's -- it has many barriers.
10 But in order to do that, we couldn't do that because there's
11 already a jumper in place.

12 It's called a LSPS jumper, BP jumper, so it connects
13 from the STPC to where the red line is shown. It's
14 currently (indiscernible) there so we need to recover that
15 so that we empty that spot and come up with a new Genovesa
16 PLIS.

17 MR. GENENDER: Can we turn for a moment to the --
18 to page three of this document?

19 BY MR. GENENDER:

20 Q Mr. Bhat, does this page assist you in explaining what
21 the necessary repair is?

22 A Yes.

23 Q How's -- can you please describe that for the Court?

24 A Absolutely. So this is a -- of the Genovesa for
25 Santiago and Santa Cruz area. The left-hand side shows

1 before, right-hand side shows after we do the repair and we
2 install the new jumper. So on the left side, we have "V"-
3 shaped jumper. So on the left side at the bottom most,
4 there is a pipe that comes up heading towards west
5 southwest. So that's where your Santa Cruz well is, that's
6 where the compromised valve is. So we have 4,000-foot leg
7 of flowline coming in and connecting to Santiago PLEM1. So
8 Santiago PLEM1 right now has two lines connected to it: one
9 is that "V"-shaped line connected up on north and there is a
10 straight line connected with cell.

11 So basically that straight line connected to the cell
12 is where the Genovesa well tie-in point is. The Genovesa
13 well is coming from east side. If you look at the red line
14 at the right bottom corner, that's where the Genovesa well
15 is coming from. There is 10,000-foot offset from that point
16 comes there, the flowline terminates, and there is a one
17 green line that's an intermediate jumper, and there's other
18 green line that's so that's what we need to take it out.
19 We also need to take out the "V"-shaped jumper and we need
20 to install 116-foot long straight jumper from PLIS to
21 Santiago PLEM2, which you're seeing on the right-hand side.
22 So two jumpers are gone, one jumper's installed.

23 That basically is -- of course, there is a few other
24 activity here that need to be installed prior to doing this.
25 We just -- our Genovesa jumper -- jumper is filled with

1 certain fluids; LSPS jumper has certain fluids, certain
2 flushing operation need to be done, you know, permit
3 application need to be applied. And (indiscernible)
4 permission these operations need to be.

5 But as far as these schematics, do I have any
6 questions, is it little bit more clear?

7 Q Sorry, you're asking -- make sense to me but I'm not
8 the -- I'm -- I know Judge Isgur will jump if he has a
9 question.

10 MR. GENENDER: But, your Honor, as a housekeeping
11 matter, I would offer into evidence Debtors' Exhibit 16,
12 which is at 834-18.

13 THE COURT: Sixteen or 116?

14 MR. GENENDER: No, Exhibit 16 at 834-18.

15 THE COURT: Any objection to 834-18 being
16 admitted?

17 MR. STARK: No objection, Your Honor.

18 THE COURT: Thank you. It's admitted.

19 (Debtors' Exhibit Number 16 received in evidence.)

20 MR. GENENDER: Thank you. If we can go back to
21 the -- Ms. Choi, to the demonstrative, please. All right,
22 let me --

23 BY MR. GENENDER:

24 Q Mr. Bhat, I know we -- you probably hit a number of
25 these things in your last answer, haven't you?

1 A Yes.

2 Q Can you just -- let me just -- the things you didn't
3 hit, can you just walk through what are the things that are
4 necessary and how you believe that they can be done by the
5 dates that you're suggesting under the Fieldwood operating
6 column?

7 A Yes, sure. So we just talked about commencement of
8 jumper fabrication already in progress.

9 Q Yes.

10 A The jumper decommission permit, it is basically a
11 application you provide to BSEE showing that, hey, we are
12 going to decommission this jumper in this course of time,
13 there are some fluids inside this pipe, we'll have to flush
14 it with the certain fluids, and then we'll perform two or
15 three cut and will recover in section or we'll recover in
16 full one length.

17 And this is how we are going to do it. And there is
18 other environmental permits that goes with it. So those
19 permits, those applications you need to apply with BSEE.
20 They typically in my experience we have received our permits
21 very quickly --

22 Q Let me stop you. Can I stop you? Has Fieldwood
23 applied for those permits, sir?

24 A Yes.

25 Q Thank you. Go ahead, please.

1 A Yes. Fieldwood has already applied for that permit.
2 They're looking for a full permit. So after we have that
3 permit, the next thing we will do is I believe on the BP
4 side for the LSPS jumper, they'll have us take same actions.
5 And the next step will be you work with a vessel company.
6 Basically we use Oceaneering -- I think -- partners BP, they
7 also use (indiscernible), pretty competent company,
8 competent crew.

9 So we will (indiscernible) vessel scale available,
10 there's quite a few vessels available between different
11 vendor but typically with a vessel window so we'll take
12 that -- we will block that vessel, have right tooling, and
13 go ahead like to go and recover the Genovesa jumper and by
14 6 March, if we will definitely recover both the jumpers --
15 and, you know, we can start into installation of new jumper
16 which is and installation of new jumper which is another
17 three weeks' process for field work, bringing it to 24th of
18 March.

19 After that, we will do a leak test, making sure the
20 stuff we are installed is good, it has integrity built into
21 the system. We will take -- we'll pressure test it as per
22 BSEE government guidelines. And we'll provide that
23 paperwork to government and keep a copy on the platform.
24 And we'll double-check all the documentation one last time
25 and slowly amp up the well.

1 Q Mr. Bhat, would the entry Genovesa jumper
2 reinstallation March 24, 2021, there's 18 days between the
3 prior entry? Will take that 18 days for the Genovesa jumper
4 reinstallation? Based on your experience.

5 A No, it doesn't. But we have some other contingencies
6 there, about seven days of other contingencies, vessel
7 delays, stuff like that. So it's jumper installation is --
8 especially 116-foot jumper is a very, you know, tricky
9 operation. You need to have right -- use right
10 (indiscernible) for ROE's (indiscernible) ROE's to operate
11 to monitor the operation. And then it has lot of rigging,
12 you know, there's kind of things that goes with it.

13 We do -- we perform a detailed higher analysis
14 (indiscernible) hazard inputs and risk study for this
15 operations. So all in all I think that's why we have some
16 extra time there. Sorry for the long answer.

17 Q Well, so you have an extra week in there. And then
18 obviously your schedule says commencement on March 26, 2021,
19 and there's time between that date and April 5th, right?

20 A Yeah, that's right.

21 Q And so based on your experience, is it customary to
22 have some cushion built in like you did in the schedule?

23 A Yeah. It's always we building -- we always build
24 cushions in schedules because we can't control the weather
25 or weather delays due to unforeseen reasons.

1 Q Okay. Sir, I want to look at a couple places where
2 there are differences between Fieldwood's schedule and BP's
3 schedule. Were you just -- the process you just described
4 for Genovesa jumper reinstallation, you allot 18 days and
5 said it might take, what, seven to ten days of that and then
6 there's some cushion. Do you see where BP allots a month
7 from March 15 to April 15?

8 A Yes.

9 Q Do you have a view as to whether or not that's
10 reasonable?

11 A I don't think it's reasonable.

12 Q Okay. And then looking at the next one for host
13 facility readiness of well startup, you're saying that
14 should be done by the 25th of March, and BP is saying by the
15 15th of May. Do you have a view as to whether or not that's
16 reasonable?

17 A That is not reasonable either because I don't think
18 it's reasonable. The --

19 Q Well can you explain --

20 A Excuse me, sorry, go ahead.

21 Q I was just going to ask you to explain why you feel
22 that way.

23 A Yeah, because the Na Kika readiness depends on, you
24 know, like I said before you bring any well online, you need
25 -- you check number of things. You need to make sure you

1 have proper resources in place, meaning people are trained,
2 you have right (indiscernible), right documentation,
3 documentation, we have standard operating procedures, you
4 know, MOC's in place whose -- so there's many different
5 things items, making sure everything is teed up. But that
6 -- those activities you can do, you can start right now.
7 You don't have wait until jumper is installed. You can do
8 -- you can start with activities right away. There are some
9 things you have --

10 THE COURT: Let me interrupt you. Someone has a
11 cell phone that is buzzing. Would you please be sure your
12 line is muted if you're not speaking?

13 THE WITNESS: Sorry.

14 THE COURT: Go ahead, Mr. Bhat.

15 BY MR. GENENDER:

16 A So -- yeah, so basically I kind of lost my thought
17 train.

18 Q Okay. Mr. Bhat, you were --

19 MR. GENENDER: If I may, Your Honor?

20 BY MR. GENENDER:

21 Q You were answering a question about the May 15th
22 deadline and whether that host facility readiness of well
23 startup were --

24 A Yeah.

25 Q -- whether it was -- why it wasn't reasonable for it to

1 take that long.

2 MR. GENENDER: Thank you, Your Honor.

3 BY MR. GENENDER:

4 A Yeah, thank you very much.

5 Yeah, so point is we can start some of those activities
6 now, except the jumper pressure testing which you can't do
7 it now because the jumper is not installed, which the leak
8 test, documentation, and few other things (indiscernible)
9 and typically we take two days to finish those activities.

10 Q Mr. Bhat, Mr. Dane was asked some questions about the
11 safety issues associated and that things could go horribly
12 wrong in connection with this single flowline option. Do
13 you -- did you hear that testimony?

14 A Yes.

15 Q And can you describe in your mind do you have a view as
16 to what the risks are compared to what they could be for
17 different operations?

18 A Yeah. Can you repeat your question?

19 Q Sure. Can you describe the -- what are the risks from
20 this repair, this single flowline project, as opposed to
21 other types of operations that might be more dangerous?

22 A Yeah, yeah. So I can go through that really quick. So
23 this is not -- there are certain risks, okay, there are
24 risks in drilling in completion activity when you have a
25 drill a well and you're drilling the zone and there is --

1 you're exposed to hydrocarbons and there's a blowout. So
2 those kind of risks which is very greater risk. And then
3 that's doing (indiscernible) completion catastrophic risks.
4 And also there are risks that you have to do a total
5 investigation, identify them throughout the design
6 operations reviews processes that we do as a team, which is,
7 for example in this case for installing the equipment, for
8 example I'm installing the jumper.

9 The risks could be, you know, there's a safety risk,
10 jumper rigging failed, falls on somebody. There is a risk
11 of doing pressure testing onshore, the pipe doesn't hold,
12 the pipe doesn't hold the pressure it can blow out onshore
13 causing, you know, harm to people, environment. There is a
14 risk to the equipment while installing the jumper, you know.
15 The rigging, it fails, and jumper might be get damaged.

16 There is a risk to the infrastructure where rigging may
17 fail and jumper can go loose and, you know, damage the
18 (indiscernible) or create an event. For that we have a
19 mitigation when we identify all those (indiscernible) the
20 project and work through them. For example, the one I just
21 mentioned, the jumper rigging mail fail and it would fall
22 down on the infrastructure, right? So we don't deploy
23 jumpers in the area where the infrastructure -- SOZ, Safe
24 Operating Zones, where we have a ten degree -- from the
25 vessel where if we deploy if it falls, it won't fall on any

1 infrastructure. So those kind of things. And once we start
2 it, there is a risk of damaging the equipment that's already
3 there; for example, the hub.

4 So for that we take enough precautions. These
5 equipment, what we are trying to install here, this is not
6 -- number one. These equipment connection points have been
7 installed in the Gulf of Mexico for many years, you know,
8 number 1500 or maybe 200, so this is a standard equipment.
9 We are not doing any technology here so that's -- eliminates
10 majority of those risks. So even we exposed to these kind
11 of risks such as damaged jumper or damaged connection point,
12 for the majority of the time it's fixable, either we have
13 repair or contingency method which usually have as a backup
14 option because these things do happen. And financial
15 impacts are not as great as compared to other areas of
16 drilling and completion is my understanding.

17 Q Just, Mr. Bhat, have you done other operations similar
18 to this single flowline option that you're testifying about
19 here today?

20 A Yes.

21 Q And do you know how many similar operations you've
22 overseen from an operations perspective?

23 A Yeah. In the Fieldwood itself, we have done this is my
24 fifth project in last two years.

25 Q Okay. And do those experiences inform your testimony

1 about these deadlines on this demonstrative, that this can
2 be done by the 26th of March?

3 A Yes, sir, I do.

4 Q And do you have a view as to whether this can be done
5 by the -- by April 5th in a safe manner?

6 A I do, absolutely.

7 Q And what is that view, what is that view?

8 A We don't install or take up any kind of operations that
9 would harm our people, environment, or equipment. We do a
10 very detailed risk assessment of every corner, everything
11 that including (indiscernible) perform everything operation
12 we need to have, and we look at everything. And we mitigate
13 that risk operationally. It's a risk assessment.

14 Safety is in-built into these equipment because we
15 comply with industry standard. On top of that, we have a
16 vendor standard, we have Fieldwood, we have own standards.
17 So safety is inherent to these equipment. What we do is
18 capture the risk of making sure (indiscernible) the whole
19 system over the period of time before we go sanction the
20 project, doing the engineering.

21 And same thing operationally, before my (indiscernible)
22 fails or before we start testing any equipment, we
23 continuously de-risk with the right people, right experience
24 (indiscernible) and we have done these things with BP while
25 we install these (indiscernible) jumpers -- a 10,000-foot

1 flowline and 10,000-foot umbilical and many other things as
2 (indiscernible) and we didn't have any kind of issues while
3 we did it in last year and a half with the BP team.

4 Q Mr. Bhat, are there -- in order to do this with
5 Fieldwood handling the operations, are there areas where
6 Fieldwood will need cooperation from BP?

7 A Yes, absolutely. We need to work as one team with
8 common goal.

9 Q What are some of the areas that you -- where you would
10 still need some cooperation from BP?

11 A We need to apply for decommissioning permits as soon as
12 possible. We need to work on, you know, readiness efforts,
13 making sure all the documentation and all the checklist,
14 Na Kika, standard operation procedures are in place by the
15 time the jumper is installed and ready to flow. We need BP
16 to work with the vessel vendor because BP's going to be
17 decommissioning these jumpers and identify the right vessels
18 for Campaign 1 and Campaign 2. You know, work with us in
19 finalizing the procedures, risk assessments, and making sure
20 Na Kika has POB's when we're ready to flow the valve the
21 last week of March.

22 Q Mr. Bhat, do you have a view as to whether if Fieldwood
23 is allowed to do the necessary work, if it can safely get
24 Genovesa online before April 5th?

25 A Yes.

1 Q What is that view?

2 A I do believe that we can get this well online by end of
3 March as stated in the presentation.

4 MR. GENENDER: Okay, thank you. I'll pass the
5 witness, Your Honor.

6 THE COURT: Thank you. Mr. Stark.

7 MR. STARK: Thank you, Your Honor.

8 CROSS-EXAMINATION OF VENKATESH BHAT

9 BY MR. STARK:

10 Q Mr. Bhat, what's your experience bringing wells online?

11 A Can you please discuss that question bit more detailed?
12 It's a wide breadth of question from wellhead to on the
13 platform.

14 Q Fair enough. What's your experience on the platform
15 side of bringing a well online?

16 A I've been engaged with Fieldwood and other operators in
17 last -- from 2012, 2014 timeframe in variety of different
18 fields in Gulf of Mexico. And as a project manager, project
19 engineer, I'm experienced to deal with these activities.

20 Q Have you ever been responsible for the host platform
21 portion of bringing a well online?

22 A I am not responsible for host facilities. I am not
23 directly responsible. Usually in a project organization you
24 will have a lead for the host facility where they will have
25 a line to you and they will take the ball forward, directly

1 work with the field ops at the platform, and carry that --
2 and then process that work.

3 Q So earlier in your testimony there was some
4 conversation about the jumper; do you recall that?

5 A Yes.

6 Q The physical characteristics.

7 A Yeah.

8 Q And at least one of the two jumpers to be removed is
9 filled with oil; is that correct?

10 A BP's jumper is filled with oil, you're exactly right.

11 Q And what about the other jumper; is it dry or is it
12 absolute as well?

13 A It has flushed with MEG, mono-ethylene glycol, or .

14 Q So neither of the jumpers are dry.

15 A No. Jumpers cannot be dry because it has to contain
16 fluids.

17 Q And then these jumpers are connected to a seven-mile-
18 long pipe; is that correct?

19 A Which specific jumper, Genovesa jumper or LSPS jumper,
20 sir?

21 Q Well the LSPS jumper is, isn't it?

22 A LSPS jumper is connected to I believe it's a 4,000-foot
23 leg to Santa Cruz .

24 Q And what about the other jumper?

25 A Genovesa jumper is connected to a fixed structure

1 called pipeline that's a structure and it's a fixed
2 structure connected with that.

3 Q There's also a riser involved in this operation; is
4 that correct?

5 A There is also a riser involved in this operation, I
6 don't recall, you know, remembering the riser in this
7 operation.

8 Q I believe you testified earlier about permits; do you
9 recall that testimony?

10 A Yes.

11 Q And am I correct, the permits are a gating issue
12 insofar as the -- most of the activities cannot occur until
13 the appropriate permits are issued; is that true?

14 A Hundred percent.

15 Q You testified that Fieldwood has applied for a
16 decommissioning permit; is that correct?

17 A Yes.

18 Q Now, when did Fieldwood submit for the permit?

19 A Fieldwood submitted permit on Monday. We provided
20 permits to BP earlier and we had a discussion on Friday and
21 BP gave back the comments and based on those comments, we
22 changed it and submitted BSEE on Monday.

23 Q And just so I'm clear, that's Monday as in yesterday.

24 A Correct.

25 Q Do you know what the current status of that permit is?

1 A I don't know.

2 Q Do you have any understanding of when that permit may
3 be issued?

4 A Speculation. I can speculate we can get the permit
5 approved within next, you know, two weeks at the most --

6 Q

7 A Yeah.

8 Q Sorry, I didn't mean to cut you off. Has Fieldwood
9 also submitted permits for its lease term applications for
10 the new jumper?

11 A Yes, sir, that's right.

12 Q When were those submitted?

13 A I believe was submitted Jan. 28th.

14 Q Do you know the status of those permits?

15 A Well, it's in progress. We've been talking to BSEE
16 and, you know, it's work in progress.

17 Q Do you have an understanding of when those permits will
18 be issued?

19 A No, sir. On the -- just adding to your two questions,
20 I just want to throw it out there. We deal with BSEE quite
21 a bit here. They're really helpful, responsive. Typically
22 the decommissioning permits are the way it's routed to a
23 different department, it's pretty straightforward. Our
24 experience is less than a week on all the different
25 projects. Lease term you -- typically it takes little bit

1 more time because more eyes will see that. So usually
2 sometimes it's two weeks, sometimes it's three weeks. But
3 it's not 60 days, 90 days' timeframe.

4 Q Although it could be.

5 A It could be, yes, it could be.

6 Q Does Fieldwood have all of the necessary equipment
7 already on-hand?

8 A Fieldwood to perform what, sir?

9 Q The jumper removal.

10 A Yes. We have all the equipment to of this jumper.

11 Q And how many pressure caps does Fieldwood have on-hand
12 for that operation?

13 A We have one pressure cap for that operation for
14 Genovesa jumper.

15 Q And what is a pressure cap?

16 A Pressure cap is two rectangle I show you on here to cap
17 the ends when we close the jumper. And these pressure caps
18 typically these are high commodity items. We at Fieldwood
19 is independent oil and gas company in Gulf of Mexico,
20 likewise we have other peers, Murphy and our many we have
21 we can always post it with our peer, so those items are
22 really not a issue. If you know you need them, you can get
23 them.

24 Q And Fieldwood has one on-hand; is that correct?

25 A Yes, that's correct.

1 Q You feel it's reasonably prudent to attempt the jumper
2 recovery with only one pressure cap on-hand?

3 A Yes, I think so.

4 Q What happens in the event the pressure cap fails or
5 there's some issue with it?

6 A If pressure cap fails, you can change out the seals and
7 install it.

8 Q And what if that's unsuccessful?

9 A If it's successful, then it's not an issue of pressure
10 cap, there might be something else.

11 Q Has Fieldwood asked any of its sourcing partners for
12 additional pressure caps?

13 A Yes.

14 Q Have they offered to provide any?

15 A Yes.

16 Q Has Fieldwood taken them up on that offer?

17 A We can if given the opportunity if we get opportunity
18 to pull these jumpers, definitely we can source those within
19 two to three days.

20 Q From where?

21 A From our operator community we have. Since we are
22 independent -- so in Gulf of Mexico, we're fortunate to have
23 a independent small operator community where everybody don't
24 keep spares, we can't afford to have ten spares or ten
25 spares like major for every project. So we share, we have

1 pool, and we try to share from that pool.

2 Q I appreciate that. But among that community, who has
3 pressure caps available that Fieldwood could obtain?

4 A I checked out with Talos (phonetic) and there's one
5 other opportunity so, you know, those are the only two
6 places I checked and it seems like it's available.

7 Q From which of those opportunities?

8 A From Talos.

9 Q Does Fieldwood intend to obtain that additional
10 pressure cap before attempting the jumper recovery if
11 allowed to?

12 A Absolutely. I mean, we have done operations with team
13 of pressure cap. We just need to do a risk assessment. And
14 we may choose to have second pressure cap if required. But
15 most of the times it's not required.

16 Q Well, you say "required;" required by whom?

17 A Required is dictated by the asset, the operation you
18 are going to do.

19 Q Is that a requirement based on Fieldwood policies,
20 regulators, where did the requirement come from?

21 A It's a bit a Fieldwood policy. Sometimes it's
22 operator. Or sometimes it could be (indiscernible) in the
23 line. If you are doing that on a flushed line, you know,
24 might be okay having one pressure cap, you don't need a
25 second pressure cap. But you go with for the change out.

1 Q Earlier you testified regarding Fieldwood's proposed
2 schedule and BP's proposed schedule; do you recall that?

3 A Yes.

4 Q And I believe you testified that under the Fieldwood
5 schedule, to get the well safely online by late March; is
6 that accurate?

7 A End of March.

8 Q End of March. Can you guarantee that?

9 A Yes.

10 Q You're representing to this Court that you guarantee
11 that can be done by the end of March.

12 A Yes. If we don't have any (indiscernible) obstacles.
13 I mean, these operations always have some risks and if all
14 operations goes smooth, which typically do with a good
15 planning, risk assessment, we can definitely bring this well
16 online by end of March.

17 Q If everything goes well.

18 A Yes.

19 Q Well that's assuming there are not abnormal weather
20 delays, correct?

21 A There could be normal weather delays or maybe your
22 remotely operated vehicle, ROV's, don't work, or you have
23 some incident like, for example, like I said, you know,
24 unfortunately you broke something. Stuff happens. If that
25 happens it (indiscernible) and it just like the LSPSC

1 (phonetic), correct? So it could be one of those events
2 where it could delay.

3 Q You could have delays related to COVID, correct?

4 A Yes, exactly. That's a good one, too, yeah.

5 Q So there are any number of factors that could --

6 A Yes.

7 Q -- delay the schedule and prevent completing it by the
8 end of March, correct?

9 A Yes, any number of issues that we typically don't
10 capture on the risk assessment chart. We didn't have risk
11 assessment when we started this project in 2020, January for
12 COVID.

13 Q Understandably. What level of -- what probability of
14 success do you attach to the Fieldwood proposed schedule?

15 A Fieldwood, right now hundred percent. Based on our
16 risk assessment, we can definitely get it done.

17 Q Well I want to make sure I understand. You say a
18 hundred percent but we also discussed that schedule could be
19 delayed as a result of any number of factors.

20 A That's uncontrolled items that's out of my control. So
21 if it's in my control, I can definitely get it done by end
22 of March. But uncontrolled events like COVID or weather or
23 a number of other things can happen that related to
24 unforeseen things that never happened before or very rarely
25 happened before, those are not in my hands to be really

1 honest. So I can't see that, I can't predict that, I don't
2 have crystal ball.

3 Q You can't attach any sort of degree of probability to
4 those uncontrolled events; is that correct?

5 A We have some contingencies built into the schedule like
6 I said -- like somebody seven, like seven days, you know.
7 And I just make sure I'm not over-speaking, once again,
8 before coming into the meeting I checked with my team and
9 they're confident as well.

10 Q Can you assess an overall prospect of success that
11 includes the uncontrollable events?

12 A Yes. Can you define your statement, please, little bit
13 more -- can you give me a little bit more explanation for
14 the question?

15 Q Can you tell us how likely is -- it is to achieve this
16 schedule when you also account for uncontrollable events?

17 A I'd say in that case probability comes down to maybe,
18 you know, 75, 80 percent because, for example, I count the
19 weather delays, you know, weather delays can make you move
20 your schedule to the right but seven to -- sometimes about
21 seven days, eight what we have seen in past. COVID-related
22 issues, you know, for example we have a COVID person on the
23 boat, that means we have to take appropriate steps
24 (indiscernible) that we need to trigger, certain things need
25 to happen. So that probably about seven, eight days. So

1 I'm roughly, you know, you need to pencil it down but I
2 think it could be about 80 percent chance if those kind of
3 uncontrolled events kicks in.

4 Q And everything else goes perfectly, the permit comes in
5 on time or early, equipment's available, vessels are
6 available.

7 A Yeah.

8 Q As I understand it, there are two broad parts to this
9 operation. There is the subsea portion and the host
10 platform portion; is that although maybe not technically
11 correct, roughly accurate?

12 A Yeah, you're -- I don't know how to put it but host
13 platform is independent of the subsea portion for majority
14 of the part. Hosted facility, the second -- I think the
15 second line item, it says pre-commissioning and other things
16 that need to happen for the host facility. That's basically
17 -- that's about to happen in February, that can happen
18 February. So BP's, you know, working on to commission the
19 tree that's installed, make sure we can talk to the tree
20 hydraulically and electrically. So that's the host facility
21 work. And after that, once we install the jumper, host
22 facility, you know, it plays a very important role.

23 Q And even if Fieldwood were allowed to conduct the
24 subsea portion, BP would still have to conduct the host
25 facility portion; is that correct?

1 A Yes.

2 Q Do you have any --

3 A (Indiscernible) facility, BP has to conduct host
4 facility portion of this work because they are the
5 owner/operator of the Na Kika.

6 Q What's your understanding of BP's policies, procedures,
7 protocols related to the host platform portion of bringing
8 this particular well online?

9 A We've been working with BP from last close to a year on
10 the readiness. We understand what are the documents that's
11 required to prep the Na Kika for this operation of bringing
12 the well online. So I'm -- BP has (indiscernible) dashboard
13 with the readiness team and it's very up-to-date, mine --
14 I'm very up to date on that.

15 Q And BP's alleged ability to bring this well online from
16 a host platform perspective at least under your schedule
17 does not account for other commitments and responsibilities;
18 is that correct?

19 A Can you repeat that question, please?

20 Q Yeah, it wasn't a very good question. Under
21 Fieldwood's proposed schedule, does the host commissioning
22 portion include BP's other planned work, obligations, and
23 responsibilities?

24 A I'm not aware of that.

25 Q You're not aware of whether that's included in the

1 Fieldwood schedule or you're not aware of whether BP has
2 those other obligations and responsibilities?

3 A BP don't share their obligation with other operators.
4 It's confidential information.

5 Q So that's not in Fieldwood's schedule, correct?

6 A That is not in Fieldwood's schedule. We talked to our
7 product team point of contact for those discussions and they
8 give us the window of these operations, how it's going to
9 happen, and they prioritize based on fieldwork or base
10 production or, you know, different kind of activities that's
11 happening there. So that's our line of communication for
12 the -- for that question.

13 Q Are you aware of whether there are any issues unique to
14 bringing this well online after the single flowline fix is
15 installed?

16 A So there's a flow work that we have done for this well
17 so BP has worked on that and come up with a solution of a
18 plan, unplanned shutdowns, for (indiscernible) mitigation
19 and number of other things. So it's no different than what
20 it was before, but with this single flowline option, it kind
21 of elevates the problem. That's why we'll work with BP to
22 come up with the solution.

23 Q Does this well particularly operating in a single
24 flowline environment require any particular training for the
25 operators?

1 A Yes.

2 Q Okay. And what's that training?

3 A For planned and unplanned shutdowns, they have to take
4 certain measures because it's based on the (indiscernible)
5 strategy. So -- and they need to understand overall, you
6 know, overall risk for the Na Kika platform itself, for
7 planned shutdowns and they need to manage that. So that's
8 the training part.

9 Q And that's work that absolutely has to be done,
10 correct?

11 A Yes.

12 MR. STARK: Pass the witness.

13 THE COURT: Thank you. Any other questions for
14 Mr. Bhat?

15 MR. GENENDER: Your Honor, I do not, thank you.
16 May Mr. Bhat be excused?

17 THE COURT: Yes, he may. Thank you.

18 (Witness excused.)

19 THE WITNESS: Thank you.

20 THE COURT: Any further evidence, Mr. Genender?

21 MR. GENENDER: Yes, Your Honor. We'd like to call
22 Nathan Vaughn, please.

23 THE COURT: All right.

24 MR. GENENDER: Thank you.

25 THE COURT: Mr. Vaughn, would you press five, star

1 one time on your phone, please? Thank you. Mr. Vaughn,
2 would you raise your right hand, please, sir? Mr. Vaughn,
3 thank you.

4 (Witness sworn.)

5 THE COURT: Thank you, Mr. Vaughn. Go ahead,
6 please, Mr. Genender.

7 MR. GENENDER: Thank you, Your Honor.

8 DIRECT EXAMINATION OF NATHAN MICHAEL VAUGHN
9 BY MR. GENENDER:

10 Q Will you please state your full name for the Record?

11 A Nathan Michael Vaughn.

12 Q Mr. Vaughn, how are you employed?

13 A I'm employed with Deepwater Land Advisor.

14 Q And what are your responsibilities at the Deepwater
15 Land Advisor?

16 A My job is primarily to manage Fieldwood's oil and gas
17 leases, the relationships amongst partners, and engagement
18 with the regulator.

19 Q How long have you been at Fieldwood?

20 A March, 2018.

21 Q How long have you worked in the energy industry?

22 A Coming up on 16 years.

23 Q What's your educational background?

24 A I have a bachelor of science in industrial engineering
25 and a MBA, both from the University of Alabama.

1 Q Did you hear Mr. Dane's testimony earlier this
2 afternoon?

3 A I did.

4 Q Do you have familiarity with the Genovesa well and
5 Na Kika platform, the PHA, and the LSPS, and the LSPS
6 operating agreement, things like that, those terms that you
7 (indiscernible).

8 A Yes, every day indeed.

9 Q And how are you familiar with those items, sir?

10 A So it's my primary role to make sure that Fieldwood is
11 following the terms of the contract and also managing our
12 obligations thereon and ensuring that the benefits that
13 accrue to Fieldwood under those contracts are also realized
14 as well.

15 Q Do you work on the commercial side?

16 A Primarily from up until the marketing, I don't handle
17 marketing.

18 Q Okay. What is an SOP, Mr. Vaughn?

19 A An SOP in my context would stand for Suspension of
20 Production.

21 Q And are you familiar with the process of obtaining an
22 SOP?

23 A I am.

24 Q Have you done it before?

25 A Yes, I have.

1 Q Have you prepared an SOP in connection with this single
2 flowline option?

3 A I have. I prepared the SOP. It's completely filled
4 out save for the agreement on the schedule. And we have
5 paid all required fees and it's ready, like I said, pending
6 agreement on the schedule with BSEE.

7 Q And what does BSEE stand for? Just so we're clear for
8 the record.

9 A Oh, I'm sorry, the Bureau of Safety and Environmental
10 Enforcement. It's a bureau, it's part of US Department
11 Interior, and it's one of two primary regulators that we
12 deal with in the US Gulf of Mexico.

13 Q Okay. Do you know under the prior administration,
14 based on your experience, has BSEE followed a discernible
15 pattern in how they respond to SOP requests from your
16 experience?

17 A Yes, they have.

18 Q And what was that pattern?

19 A It's an engagement with BSEE, you follow the
20 requirements laid out in the Code of Federal Regulations.
21 Also, BSEE's quite helpful in providing industry guidance
22 through NPL's and also pretty good presentations that
23 they've given to industry and that along with engaging with
24 the individuals inside of BSEE, that's the process we work
25 through.

1 Q Do you -- so you have -- do you have an expectation as
2 to whether that pattern of conduct is going to continue in
3 the current administration?

4 A I have an expectation that that pattern of conduct will
5 change in the current administration or may change.

6 Q What do you base that on?

7 A The secretarial order 3395 that was issued uses
8 specific language around the term "extension of leases."
9 And a simple reference to the Code of Federal Regulations
10 refers to an SOP as a "extension of a lease" or an act to be
11 (indiscernible).

12 Q Okay. Mr. Vaughn, once you file an SOP, do you have an
13 expectation as to whether it would be granted --

14 A No.

15 Q -- in connection with -- okay. In other words, if
16 Fieldwood were to file an SOP tomorrow, do you know whether
17 it would be granted?

18 A The discretion is with -- at least it has been in
19 previous administrations, the discretion with -- was with
20 the regional supervisor. Like I said, the secretarial order
21 appears to have (indiscernible) that discretion upward. So,
22 no, I do not have certainty if we were to file it today or
23 any day that it would be awarded.

24 Q And I asked you about your expectation as to whether it
25 would be awarded. Do you have any expectation as to if it

1 were awarded, when it would be awarded?

2 A My experience with BSEE is those SOP's are not awarded
3 until they are needed. And by the very definition of an
4 SOP, it's only needed after the lease has expired. So my
5 expectation would be that BSEE and both in practice in the
6 event they were going to award it in a more predictable
7 administration, that it would be awarded at or very, very
8 near the April 5th date.

9 Q Okay. Mr. Vaughn, there was some questioning of
10 Mr. Dane about if horrible things happen in connection with
11 this single flowline option project; did you hear that
12 testimony?

13 A I did, yeah.

14 Q Do you have a view as to whether there's a material
15 risk of a catastrophic runaway well here?

16 A My understanding, and this is as a commercial person
17 but with a engineering background, is that there is more
18 than adequate barriers, both down hole through the SCSSC
19 (phonetic) valve sliding and also in the wellhead where
20 there is a main valve and a main valve. So, no, there is
21 absolutely as far as I can see no risk or very, very, very
22 little risk. I mean, this is something that's done all the
23 time, bringing wells online in the Gulf of Mexico.

24 MR. GENENDER: Thank you, Mr. Vaughn.

25 Your Honor, I'll pass the witness.

1 THE COURT: Thank you.

2 Mr. Stark?

3 MR. STARK: Thank you, Your Honor.

4 CROSS-EXAMINATION OF NATHAN MICHAEL VAUGHN

5 BY MR. STARK:

6 Q In light of the current uncertainty you've described
7 about how the regulators will act under the current
8 administration, isn't that all the more reason to submit for
9 an SOP earlier rather than later?

10 A It's my responsibility as a land advisor for Fieldwood
11 but also obligations in front of BSEE is to submit an SOP --
12 all the elements of submitting an SOP. Thus far I've been
13 unable to submit that only -- we've only had the schedule
14 despite asking for it since last Thursday. And the key part
15 of submitting an SOP is that the schedule has to be
16 reasonable. And as my colleagues have all testified and I
17 will say here that the schedule that BP provided was not
18 reasonable.

19 Q And on what do you base your belief that the schedule
20 BP provided is not reasonable?

21 A Based on experience.

22 Q Which portions of BP's proposed schedule do you find
23 unreasonable?

24 A The portions that my colleague just pointed out in
25 terms of the operations and activities that could be done as

1 the host facility could take place now.

2 Q That's based on his testimony rather than your personal
3 experience; is that correct?

4 A It's based on both.

5 Q What's your personal subsea experience?

6 A I embedded with a subsea team.

7 Q For how long?

8 A In this role for three -- coming up on three years.

9 Q When you say embedded with a subsea team, you mean you
10 have subsea people who work for you.

11 A I work with.

12 Q Work with. And are you similarly embedded with a host
13 platform team?

14 A I do have colleagues that work with host facility
15 (indiscernible).

16 Q You have colleagues who work with host platform teams.

17 A The team that I'm a part of looks after both subsea --
18 all aspects, subsea and facility.

19 Q And is it correct that Fieldwood knew as early as
20 November of last year that it may need to apply for an SOP?

21 A I -- yes, I flagged the -- I flagged that as a very,
22 very far tail risk to my colleagues in BP.

23 Q What do you mean you say very, very far tail risk?

24 A In early -- in November, based on the discussions that
25 BP had given us showing a slide that said that they would

1 have Genovesa online in the first quarter, and given the
2 early date, it was flagged as a risk. But in no event did I
3 think that we would actually find ourselves in the position
4 that we find ourselves today. But as part of my
5 responsibilities at Fieldwood, it ensures that we are
6 looking at these things way in advance.

7 Q In fact Fieldwood intended to engage with BSEE
8 regarding an SOP in mid to late January of this year; is
9 that correct?

10 A Yes.

11 Q But that didn't occur, did it?

12 A No, to the contrary. I'd engaged personally with BSEE
13 several times.

14 Q Regarding an SOP for this lease?

15 A Absolutely.

16 Q And when was the first time?

17 A I don't have the -- I believe it was either very early
18 last week. I don't know the exact date but it was -- it's
19 been -- I believe it's early last week.

20 Q What resulted from those communications?

21 A My goal in engaging with BSEE, and I found that this
22 works and I've used this in previous experience, is to give
23 them a heads-up, let them know, give them a status, let them
24 understand what's going on, and all the relevant history of
25 the lease. And then to let them know that, you know, we

1 intend and we're working towards bringing this lease back on
2 production prior to the expiry date. But I wanted to, "A,"
3 get guidance from them on certain submission criteria and
4 then, second, let them know that there could be a chance
5 that we would be submitting an SOP depending on how the
6 operations developed.

7 Q Do you know whether any SOP's have been issued
8 following the January 20 order?

9 A I'm not sure.

10 Q Do you know whether the administration has issued any
11 new drilling permits since the January 20 order?

12 A I'm unaware. And besides I don't file a plan or are
13 involve with the drilling permitting process.

14 Q So you don't know one way or the other whether new
15 drilling permits have been issued.

16 A As it relates to drilling permits I'm not sure what the
17 relevance of drilling permits are to an SOP here. We have
18 no plans to drill.

19 Q I understand. But you don't know one way or the other,
20 is it correct, whether new drilling permits have been issued
21 since the January 20 order.

22 MR. GENENDER: Objection, asked and answered.

23 THE WITNESS:

24 THE COURT: Overruled, --

25 MR. STARK: Hang on.

1 THE COURT: -- he didn't answer it. He said
2 something different than an answer. He needs to answer the
3 question.

4 THE WITNESS: No, I'm not aware.

5 BY MR. STARK:

6 Q And you're familiar with the bolt tightening project;
7 is that correct?

8 A Yes, I am.

9 Q And you're aware that BP progressed the single flowline
10 in parallel with the bolt tightening, correct?

11 A Define "progressed in parallel."

12 Q Sure. Began work on.

13 A When? I'm not -- I guess I'm not following the
14 question.

15 Q Sure. Let me -- in December of last year, BP was
16 working on both the bolt tightening project and the single
17 flowline, correct?

18 A That's my understanding, yes.

19 Q What's your understanding of what it will cost to
20 effect the single flowline?

21 A To effect the single flowline.

22 Q Yes, sir.

23 A There's two parts. Which part are you asking, the
24 single flowline or the part that relates to the loop working
25 interest?

1 Q Okay, will you explain for us what those two parts are?

2 A I'm sorry?

3 Q Can you explain for us what those two parts are?

4 A Based on the AFE's that we received from BP, there's
5 two components. There's the temporary Genovesa single
6 flowline install and then removal, and then there is a
7 component which is for the Santiago jumper removal and then
8 reinstall.

9 Q What are the costs for each of those items?

10 A I don't have the AFE's in front of me, but if I recall
11 the temporary single flowline is around ten million, and the
12 SA jumper I think is four and a half million.

13 MR. STARK: Thank you. Pass the witness.

14 THE COURT: Anything further, Mr. Genender?

15 MR. GENENDER: Your Honor, no. The only thing I
16 wanted to do before I rest is offer our Exhibits 834-1
17 through 834-17.

18 THE COURT: Hold on. Anything further for
19 Mr. Vaughn.

20 MR. GENENDER: No, sir, no, sir.

21 THE COURT: All right. Mr. Vaughn is excused.

22 (Witness excused.)

23 THE COURT: And you wanted to offer some
24 additional exhibits?

25 MR. GENENDER: Yes, Your Honor, 834-1 through 17.

1 THE COURT: Mr. Stark.

2 MR. STARK: Your Honor, if you don't mind, can we
3 take a brief recess both so I can grab a glass of water and
4 take a quick skim through those exhibits?

5 THE COURT: Sounds like it makes a lot of sense to
6 me. What time you want to come back?

7 MR. STARK: You tell me, Your Honor.

8 THE COURT: Is ten minutes enough? You need 15?
9 You tell me. I'm trying to be -- give you the time you need
10 so what you want?

11 MR. STARK: I appreciate it. Fifteen minutes
12 would be great.

13 THE COURT: Okay. We'll come back in 15 minutes.
14 Thank you.

15 MR. STARK: Thank you, Your Honor.

16 MR. GENENDER: Thank you.

17 (Recess taken from 5:23 p.m. to 5:38 p.m.)

18 AFTER RECESS

19 THE COURT: All right. Mr. Stark?

20 MR. STARK: Thank you, Your Honor. I think I
21 would object to the last four on the grounds of relevance
22 and that would be 834-14, 15, 16 and 17. And then
23 additionally I would ask if Your Honor were going to admit
24 the last one that it be under seal.

25 THE COURT: All right. Mr. Genender? By the way,

1 your camera is not on, Mr. Genender. I'm not sure here.

2 MR. GENENDER: Is that on now?

3 THE COURT: It is not.

4 (Pause/equipment being prepared.)

5 MR. GENENDER: Your Honor, my response is that
6 those 14, 15 and 16 are the AFEs that were signed and sent
7 in. That's the only purpose. They're just offered for the
8 limited purpose to show that they were sent back in. If
9 they're making an issue of it, that's the relevance.

10 And then 17 is -- Your Honor, 17 is -- 17 I
11 withdraw. I don't think it is relevant actually. I'll
12 agree with Mr. Stark.

13 THE COURT: Can we be sure we're talking about the
14 same thing? Are we talking about 834-17, which is your
15 Exhibit 15; is that right?

16 MR. GENENDER: Yes, Your Honor.

17 THE COURT: Okay. We'll show that 834-17 is
18 withdrawn and is not offered.

19 Is there a dispute that all the AFEs were signed
20 and returned, Mr. Stark? If there is, then I'll go ahead
21 and admit 14, 15 and 16. If that's a stipulated fact,
22 there's no need to admit them.

23 MR. STARK: Well, I think the rub, Your Honor, is
24 that they are draft AFEs that were signed and returned.
25 There's no dispute as to the fact that they were signed and

1 returned.

2 THE COURT: Sorry, tell me what the dispute it.
3 I'm not sure what the problem is with those.

4 MR. STARK: Your Honor, those were draft AFEs that
5 were circulated to Fieldwood for their review as part of the
6 broader conversation on an agreement. I don't know why, but
7 Fieldwood and the other owners signed them and sent them
8 back. I don't know how that's relevant to any of the
9 testimony that we've heard today or the matters at hand.

10 THE COURT: I'm overruling the objection. You
11 specifically asked questions about when they were planning,
12 whether they were acting prudently and whether they were
13 assisting in causing delay and this goes to that so I will
14 admit 14, 15 and 16.

15 (Debtors' Exhibit Nos. 834-14, 834-15 and 834-16
16 received in evidence.)

17 THE COURT: 17 is not admitted.

18 Any further evidence, Mr. Genender?

19 MR. GENENDER: No, Your Honor. Thank you.

20 THE COURT: All right.

21 MR. GENENDER: So we rest on our primary case.

22 THE COURT: Is there any party in the case that
23 has any additional evidence that they wish to introduce in
24 support of the Debtors' Motion?

25 (No audible response.)

1 THE COURT: All right. Mr. Stark?

2 MR. STARK: Your Honor, two brief matters if I
3 may? First, I'd like to move for a directed verdict if you
4 will on the grounds that the Motion is based on the claim
5 that BP failed to act as a reasonably prudent operator and
6 that it failed to produce on a BOE basis. There's been no
7 evidence as to the allegations that it failed to produce on
8 a BOE basis under the Production Handling Agreement and
9 similarly there's been no evidence that BP failed to act as
10 a reasonably prudent operator under the Operating Agreement.
11 It's the Movant's burden to carry. They failed to do so and
12 I'd ask Your Honor to just deny the Motion at this point.

13 THE COURT: Would you respond to the BOE portion
14 of that, Mr. Genender? I don't need a response on
15 reasonable and prudent operator portion. I have
16 overwhelming evidence, if it isn't rebutted, that BP is not
17 operating as a reasonable and prudent operator by not
18 proceeding as fast as it can to get this done subject to
19 also trying to get something else done, which is maybe an
20 SOP, but I don't think it's reasonably prudent -- reasonable
21 and prudent to plan -- unless there's some reason for it, to
22 plan to miss the deadline for the expiration of the lease.

23 And right now the evidence I have, which is
24 undisputed at this point, is that one could plan and
25 complete the project and not risk the expiration of the

1 lease. That by definition to me is not operating as a
2 reasonable and prudent operator.

3 Having said that, all the evidence -- all the
4 opportunity in the world to demonstrate that what you did
5 was in fact reasonably prudent, but haven't had a chance to
6 rebut it. But I'm certainly not going to grant that Motion
7 now.

8 What about the BOE portion, Mr. Genender?

9 MR. GENENDER: Your Honor, under the PHA
10 section -- I'm sorry -- the LSPSOA Section 9.01(b) and (d),
11 which speak to that, Your Honor, (b) says:

12 "LSPS operator will endeavor to operate the LSPS so as
13 to maximize production on a BOE basis."

14 And then (d) says:

15 "Notwithstanding anything in this Agreement to the
16 contrary, if any leg of the LSPS is not operational or
17 has impaired capacity which restricts the flow of one
18 leg of the LSPS regardless of the cause, then the LSPS
19 operator will endeavor to operate the LSPS so as to
20 maximize production on a BOE basis subject to
21 endeavoring to ensure that the Isabela lease and the
22 MC 519 Unit leases will each be afforded the
23 opportunity to produce not less than production and
24 paying quantities as set forth in NTL No. 2010-G05
25 issued September 15, 2010 or subsequently amended by

1 the BOE MRE or any successor thereof. The LSPS
2 operator will endeavor to place the LSPS back into full
3 operational service as soon as practically possible."

4 Your Honor, we have put forth evidence that they
5 have not done that.

6 THE COURT: I agree. I'm going to deny both
7 Motions.

8 Let's move ahead then with your evidence,
9 Mr. Stark. I'm denying them because I haven't heard your
10 side of the case yet basically.

11 MR. STARK: I understand, Your Honor. One other
12 thing. We have a couple of exhibits that we may offer that
13 would need to be filed under seal.

14 Do you want to take that up at the end or on an
15 exhibit-by-exhibit basis?

16 THE COURT: No, we have those procedures in place.
17 You just -- you're supposed to, as you know, send two copies
18 of them to the Clerk by hand-delivery and then the Clerk
19 will deliver the sealed copy to me. We consider them
20 temporarily under seal and then we'll take them up later as
21 to whether we'll permanently seal them. I'm not going to
22 bother anybody to worry about sealing right now, but those
23 procedures are well established and I'm sure you've probably
24 already complied with them although you may not personally
25 know that your firm probably has already done that. I would

1 just guess it has.

2 MR. STARK: Thank you, Your Honor. In that case,
3 we will call Kamil Gurses.

4 THE COURT: All right. Can you turn on your
5 camera please? There you are. And would you press five
6 star on your phone please?

7 I apologize to everybody. Mr. Statham had wanted
8 to speak and I'm going to do that before you go next. I
9 must have missed him.

10 Mr. Statham, go ahead please.

11 MR. STATHAM: Thank you, Your Honor.
12 Steve Statham. I think time has passed my interest. As I
13 understand, the Court's going to consider the sealing piece
14 of this later so I'll stand down on that point. Thank you.

15 THE COURT: Let me just say what I normally do,
16 Mr. Statham, and I think you know I know normally do this
17 is: I let a motion to seal sit normally for 21 days and then
18 I take it up at the expiration of 21 days so people can
19 object to it. But in the meantime under our procedures, it
20 remains sealed so that we can consider.

21 Is that going to cause any heartburn to the UST?

22 MR. STATHAM: No, sir. That's an abundant time to
23 address it at the appropriate time. Thank you very much.

24 THE COURT: All right. Thank you.

25 All right. Mr. Gurses, if you would raise your

1 right hand please?

2 (Witness sworn.)

3 THE COURT: All right. Mr. Stark?

4 MR. STARK: Thank you, Your Honor.

5 DIRECT EXAMINATION OF KAMIL GURSES

6 BY MR. STARK:

7 Q Please state and spell your name for the Record.

8 A My name is Kamil Gurses. That's spelled K-A-M-I-L.
9 Surname G-U-R, S for sugar, E for echo, S for sugar.

10 Q How are you employed, sir?

11 A I am BP's senior finance manager covering Na Kika and
12 OBO meaning our Gulf of Mexico non-operated assets and
13 portfolio.

14 Q How long have you held that position?

15 A Since May of 2018. It's coming on to three years.

16 Q Prior to that, what were your -- excuse me. What were
17 your prior positions?

18 A Prior to that, I worked for two years in the Gulf of
19 Mexico in the exploration business. And prior to that, I've
20 worked for BP since 1999 in a variety of different roles.

21 Q Now what does your role as senior finance manager for
22 Na Kika and OBO entail?

23 A In my portfolio, I cover the planning and -- financial
24 planning and performance management of the business. I also
25 cover -- I'm responsible to ensure that we conduct our

1 business in line with our Agreements and I oversee our
2 partner relationships.

3 Q Your responsibilities, does that include working with
4 Fieldwood?

5 A It does.

6 Q How often do you coordinate with Fieldwood
7 representatives?

8 A Periodically so that the actual coordination is done
9 through my land colleague, Daniel Scott, most often but I
10 will coordinate with them as needed to conduct our business
11 and at scheduled co-owner meetings.

12 Q How often are co-owner meetings held?

13 A For this piece of business, typically it's twice a year
14 although recently it's been more often given the
15 (indiscernible) the LSPS and the conversations we've had to
16 progress those operations.

17 Q How often have you been meeting in the past six months?

18 A Regularly. I would say we've had five or six formal
19 co-owner calls. I have spoken regularly with my Fieldwood
20 counterpart and I know that my technical colleagues have met
21 with their counterparts on a (indiscernible) on a weekly
22 basis.

23 Q When you say your Fieldwood counterpart, who is that?

24 A That is Nathan Vaughn.

25 Q You're familiar with the LSPS Operating Agreement?

1 A I am.

2 Q And similarly you're familiar with the Production
3 Handling Agreement?

4 A I am.

5 Q Now are you familiar with the standard of a reasonably
6 prudent operator?

7 A I am.

8 Q In your words, what does that standard require?

9 A I understand that a company that operates in a safe
10 manner in a commercially reasonable manner and in a manner
11 that's consistent with the generally accepted industry
12 practices.

13 Q You heard the testimony from earlier today, have you?

14 A I have.

15 Q And you heard the testimony to the effect that
16 Fieldwood has failed -- strike that.

17 And have you heard testimony to the effect that BP
18 has failed to act as a reasonably prudent operator with
19 respect to the Genovesa well?

20 A I have not heard testimony that BP has failed to act as
21 a reasonably prudent operator. In my view, BP has acted as
22 a reasonably prudent operator.

23 Q Why do you say that?

24 A Because we have progressed this piece of business in
25 line with the Agreements that we have in place and we've

1 worked to execute our capacity as LSPS operator and host
2 facility operator.

3 Q When you say you've worked to progress it in accordance
4 with the Agreements, what do you mean?

5 A Under the Agreements, we operate the host and we
6 operate the LSPS and there are various projects that -- with
7 various departments that feed into the host and BP executes
8 its responsibilities as operator in line with the Agreements
9 for all those parties and integrate that.

10 Q And those parties include more than just BP and
11 Fieldwood; is that true?

12 A They do.

13 Q You're familiar with the single flow line operations
14 been discussed, aren't you?

15 A I am.

16 Q Are there any particular provisions of the LSPS
17 Operating Agreement that addressed this sort of undertaking?

18 A Yes, there are.

19 Q Which section would you identify?

20 A Yes. So this operation has been proposed as a sole
21 benefit operation so that would be covered under 7.08 of the
22 LSPS Operating Agreement.

23 MR. STARK: Rachel, can you pull up Exhibit 1
24 please and flip to page 26?

25 BY MR. STARK:

1 Q What does it mean for it to be a "sole benefit
2 operation"?

3 A It means it's an operation that is for the benefit of a
4 subset of the owners of the LSPS. In this case with this
5 proposal, it is for the owners of the LSPS that are the
6 owners of the Genovesa well which are Fieldwood
7 (indiscernible).

8 MR. STARK: Will you scroll down to 7.08 please?
9 You passed it. No, I'm sorry, 7.08, I apologize.

10 BY MR. STARK:

11 Q I'll direct your attention to the first line that
12 reads:

13 "Subject to the provisions of this Article 7, during
14 the operation any LSPS owners shall have the right to
15 request that the LSPS operator conduct an operation for
16 the benefit of less than all parties provided such sole
17 benefit operation does not have an adverse impact on
18 the LSPS."

19 Do you see that?

20 A I do.

21 Q What is an adverse impact on the LSPS?

22 A An adverse impact would be something that, in the
23 determination of the LSPS operator, would either create an
24 enhanced risk for the LSPS or the host, in this case
25 Na Kika, or some other adverse impact for the -- adverse

1 operational commercial impact for the host or the LSPS
2 (indiscernible).

3 Q Did BP reach a determination as to whether there was an
4 adverse impact with respect to the single flow line that's
5 been proposed?

6 A It did.

7 Q And what was that determination?

8 A That there was impact from the sole benefit operation
9 that was proposed.

10 Q What is that adverse impact?

11 A It's twofold. One is the temporary single flow line is
12 -- and I'm talking here as a commercial person I'll say and
13 so this is what I understand from the technical colleagues I
14 work with is: this is an abnormal operation flowing
15 condition so it requires different procedures and abnormal
16 way of operation so it creates extra complexity and
17 operational issues for the Na Kika host so that is one way
18 in which it's an adverse impact. And then the other way is
19 that this operation requires the changing of the condition
20 of the LSPS effectively removing a section of flow line so
21 it is no longer a loop, which absent some commitment to
22 restore the loop means that the value of this asset as a
23 loop is reduced for all the owners of the LSPS and it
24 creates risks for other wells on the loop.

25 Q Now if you refer back to 7.08, it continues:

1 "The proposed sole benefit operation request shall be
2 submitted to the LSPS operator for determination that
3 such operation satisfies the following criteria:

4 "(a) Such operation has mitigated the risk of an
5 adverse impact to the LSPS to a level that is ALARP for
6 such type of planned activity."

7 Do you see that?

8 A I do.

9 Q What do you understand that to mean?

10 A There are conditions in the Agreement that you need to
11 mitigate the risk so when there is an adverse impact, that
12 adverse impact needs to be mitigated to a normal level of
13 risk.

14 Q And so in this case, has there been any proposals as to
15 how to mitigate that adverse impact?

16 A There has.

17 Q What are the proposals that have been made?

18 A So BP has proposed an agreement between the parties
19 called a "loop restoration agreement" that simultaneously
20 with executing the proposed (indiscernible) operation will
21 also commit the parties to a restoration of a loop thereby
22 mitigating the adverse impact.

23 Q How does that mitigate the adverse impact?

24 A Absent that Agreement, you would -- to restore the
25 loop, you would need to make a separate proposal and that

1 proposal would be subject to majority approval of all the
2 co-owners so in the future, that proposal could be blocked
3 depending on the determination the parties make at the time.
4 So this Agreement would commit the parties today to that
5 loop restoration and thereby protect the value of the asset
6 to the owners.

7 Q And as we sit here today, is there an agreement in
8 place to mitigate the adverse impact?

9 A There is not. A proposal has been discussed and the
10 parties have exchanged drafts of that proposal, but there is
11 not an agreement in place.

12 Q Will you look at the next sentence? It reads:

13 "The LSPS operator shall undertake such sole benefit
14 operation in accordance with the plans and procedures
15 approved by both the LSPS operator and the LSPS owners
16 requesting the sole benefit operation as soon as
17 reasonably practical unless such delay is occasioned by
18 force majeure."

19 Do you see that?

20 A I do.

21 Q Have the LSPS operator and the LSPS owners approved the
22 plans and procedures?

23 A No, they haven't yet.

24 Q Do you know why that has not occurred yet?

25 A Well, discussions are ongoing about the plan, but --

1 the frequent exchange about the plan, but there is a
2 disagreement on the timing for that in which that operation
3 can be done.

4 Q And when it says that the LSPS operator shall undertake
5 such sole benefit operation in accordance with those plans
6 and procedures as soon as reasonably practical, what do you
7 mean as -- what do you understand "as soon as reasonably
8 practical" to mean?

9 A That those plans and procedures need to be developed in
10 accordance with or in a way that is consistent with a
11 reasonably prudent operator developing those procedures in
12 line with everything else that needs to be done.

13 THE COURT: Where does it say that? I don't see
14 that. It says you have to -- as I read it, it says you have
15 to undertake the operation as soon as reasonably practical.
16 And the whole thing we're talking here about today is
17 timeline. I don't know why we're talking about agreements.
18 Everybody's agreed in principle on the Agreements. I don't
19 understand why you haven't proposed a timeline that works.

20 Why haven't you?

21 THE WITNESS: We believe we have proposed a
22 reasonably practical timeline, Your Honor.

23 THE COURT: That is not my question to you.

24 Why haven't you proposed a timeline that expects
25 to finish the project before the lease expires?

1 THE WITNESS: Because we don't believe we can
2 deliver that timeline without doing -- deferring activities
3 to safety related or breaching the PHA insofar as we have
4 other commitments to other ventures that carry high
5 priority.

6 THE COURT: All right.

7 MR. STARK: Let's turn to the PHA while we're
8 here.

9 Rachel, can you bring up I believe it's Exhibit 2?
10 BY MR. STARK:

11 Q But where in the PHA does it address the priority you
12 just referred to?

13 A There were a couple of places right up front in the
14 Agreement. The entire PHA Agreement is subject to the
15 Na Kika obligations, which are the obligations that Na Kika
16 has to its host business so steadily Na Kika is there for
17 the base business, that's its primary purpose. And also
18 this is dealt with in I believe Section 6.4 which talks
19 prioritization.

20 MR. STARK: Let's go to Section 6.4 please on page
21 49 and continuing on 50.

22 BY MR. STARK:

23 Q So, Mr. Gurses, can you walk us through this and how
24 this addresses the contractual prioritization that BP is
25 required to follow?

1 A Yes. So the prioritization of activity and production
2 at Na Kika starts with the base unit leases, the host unit
3 leases. They are a series of leases that are jointly owned
4 by BP and Shell and Na Kika is there for the purpose of
5 developing those leases so those leases carry first
6 priority. And then this section further explains the
7 prioritization of activity for the Galapagos leases being
8 Isabela and the MC 519 lease. So the next priority off of
9 the base leases is Isabela and then after that, the next
10 priority is the MC 519 lease, which includes Santiago,
11 Santa Cruz, which are the existing wells, and the Genovesa
12 well.

13 Q So I understand from your prior testimony that BP could
14 not safely propose a more aggressive schedule without
15 violating commitments to other parties; is that correct?

16 MR. GENENDER: Your Honor, I'm going to object to
17 the leading nature of the question.

18 THE COURT: Sustained.

19 BY MR. STARK:

20 Q In light of the requirements of Section 6.4, why can BP
21 not propose a more aggressive schedule to bring the Genovesa
22 well online?

23 MR. GENENDER: Objection. Calls for a legal
24 conclusion, Your Honor.

25 THE COURT: Overruled.

1 THE WITNESS: May I answer?

2 THE COURT: You may answer, Mr. Gurses. Thank
3 you.

4 THE WITNESS: Thank you, Your Honor. So the
5 schedule that's been proposed by BP is the one that we can
6 execute as quickly as possible without either deferring
7 safety critical activity at the host -- this is quite an old
8 facility -- or deferring activities that -- for business
9 that carries a higher priority.

10 BY MR. STARK:

11 Q When you say, "Higher priority," that's pursuant to
12 Section 6.4.

13 A That is correct. So if we were defer those activities
14 in favor of something with a lower priority, then we would
15 breach the terms as stated here.

16 Q In your understanding, would it be reasonably prudent
17 for BP to breach the prioritizations of Section 6.4 and its
18 obligations to other parties?

19 A No, it would not.

20 Q Are you aware of any way that BP could propose -- could
21 safely propose a more aggressive schedule to bring Genovesa
22 online while still attending to the safety critical work and
23 work with a higher priority?

24 A I'm not.

25 MR. STARK: Pass the witness.

1 THE COURT: Thank you. Mr. Genender?

2 MR. GENENDER: Thank you, Your Honor.

3 CROSS-EXAMINATION OF KAMIL GURSES

4 BY MR. GENENDER:

5 Q Mr. Gurses, good evening. How are you?

6 A I'm well. Thank you. Good evening.

7 Q Can you identify what the -- specifically what the
8 higher priority items are that BP contends take priority
9 over taking those actions to get this lease online by
10 April 5th?

11 A There are a number of safety critical activities at the
12 host and I would have to defer to my technical colleagues to
13 be able to describe those safety critical activities in
14 detail. It is an 18-year-old facility. And then there are
15 a number of projects going on in the base business of
16 Na Kika. It is a very busy time for the asset and there are
17 a number of wells or -- and activities that are being
18 brought online in this period.

19 Q Okay. Mr. Gurses, I'm going to ask you my question
20 again.

21 Can you specifically identify what the higher
22 priority projects are that you're saying justify not taking
23 those steps to get this well online by April 5th?

24 A Yes. So there is one project, a major project called
25 "Manuel" that's a project on the base leases. There are --

1 there's a host facility like extension project that's going
2 on that is designed to extend the life of the host. And
3 there are other well work activities and associated ramp-ups
4 that are being progressed. And I'm not sure I'm allowed
5 under confidentiality under those Agreements to talk about
6 the specific details.

7 Q Mr. Gurses, is that as specific an answer as you can
8 give me?

9 A I believe so. And I can be specific on Manuel because
10 that's an announced project that we're developing and I
11 believe the safety critical items on the host is just
12 outside my knowledge to talk about specifically what those
13 activities are. I believe there's a series of them. And
14 then the details of the other base activities I think with
15 any joint venture, I'm subject to confidentiality provisions
16 under the Agreements to the extent I can talk about the
17 details of those activities, but there are a number.

18 Q Well, let's talk about Manuel for a minute, Mr. Gurses.
19 BP has no ownership interest in the Genovesa well,
20 correct?

21 A We do not. BP does not.

22 Q Yes, thank you.

23 BP does however have an ownership interest in the
24 Manuel well that you just referred to, correct?

25 A It does. It's part --

1 Q And you'd agree --

2 A -- of BP's host leases.

3 Q Okay. And you'd agree with me that Section 6.4 of the
4 PHA that you were just asked about it doesn't indicate that
5 you can provide priority use for Manuel at the expense of
6 MC 519, does it?

7 A It provides the activities need to happen in a certain
8 order to comply with the provision of the Agreement so --

9 Q But there's -- okay.

10 THE COURT: Can I get 6.4 put back up on the board
11 please? Thank you.

12 MR. GENENDER: Thank you.

13 THE COURT: Mr. Stark, could you have your person
14 put 6.4 back up for me?

15 MR. STARK: I apologize. Rachel, can you pull up
16 Exhibit 2, the PHA, and put the 6.4, which is on pages 49
17 and 50?

18 MS. SPEAKER: We're pulling it up right now,
19 Your Honor.

20 THE COURT: What is that?

21 MS. SPEAKER: We're pulling it up right now,
22 Your Honor.

23 THE COURT: Thank you.

24 (Pause in the proceedings.)

25 THE COURT: Go ahead please. I just wanted to be

1 able to look at that while you're asking.

2 MR. GENENDER: Okay. Sorry, Judge, I didn't know
3 if you had a question or not. Okay.

4 BY MR. GENENDER:

5 Q Mr. Gurses, when is -- my question is: 6.4 doesn't
6 state that you have -- that you can provide -- that BP can
7 provide priority to Manuel at the expense of the lease
8 MC 519, does it?

9 A I'm not sure what you mean by the question. My
10 understanding of this is that activities need to progress
11 and be prioritized in a certain order that's consistent with
12 this Agreement (indiscernible).

13 Q But an activity on -- excuse me. An activity on
14 Isabela, for example, here is not mutually exclusive with an
15 activity on MC 519, is it?

16 A Well, it isn't so far as that there was a certain level
17 of activity that given the amount of space and the amount of
18 people that can be on the platform. There is a limit to the
19 amount of activity that can happen at any one time so
20 because of that limit, by definition if you schedule
21 activity in accordance with this provision, then other
22 activities need to move out in time.

23 Q So, sir, let me ask you about Manuel.

24 THE COURT: I need to interrupt you for a minute.

25 Mr. Skelton, I apologize, you've had your hand

1 raised for a while. Go ahead. I just saw that.

2 MR. SKELTON: Judge, I'd just like to have an
3 opportunity to cross-examine this witness at such time as
4 Mr. Genender has passed the witness.

5 THE COURT: All right. Thank you. Go ahead
6 please.

7 MR. GENENDER: Thank you.

8 BY MR. GENENDER:

9 Q So this Manuel well that you refer to is owned
10 50 percent by BP and 50 percent by Shell, correct?

11 A That is correct.

12 Q And the Genovesa and Manuel wells are both drilled into
13 the same reservoir, aren't they?

14 A That is my understanding.

15 Q And is the Manuel well online?

16 A As of today, it is not.

17 Q When is it supposed to be online?

18 A I don't believe under the confidential -- so Manuel is
19 a separate joint venture and separate partners and I believe
20 under the confidentiality provisions of that Agreement, I
21 can't talk to the specifics of that project between --
22 beyond what's been publically announced or discussed.

23 Q Okay. If Manuel comes online before Genovesa, it will
24 drain that reservoir, won't it?

25 A Yes.

1 Q And that would benefit economically BP and Shell,
2 correct?

3 A Yes, insofar as that project is owned by BP and Shell,
4 yes.

5 Q And that would -- and if that well were drained -- if
6 that reservoir, excuse me, were drained without Genovesa
7 being online, that in turn would hurt Fieldwood
8 economically, wouldn't it?

9 A Yes.

10 Q Thank you, sir. The schedule that BP is proposing was
11 shared with Fieldwood on January 28th, last Thursday; are
12 you aware of that?

13 A I am aware of that, yes.

14 Q And from the very, very end of January until the end of
15 May when BP says this well can come online is four months,
16 correct?

17 A Yes.

18 Q You'd agree with me that if BP had proposed an
19 exactly -- a schedule of exactly the same length to
20 Fieldwood on November 15th instead of January 28th, this
21 well would come online, wouldn't it, by -- before the lease
22 expires, wouldn't it?

23 A Yeah. I don't know if that was possible at that time
24 given our state of knowledge. And let -- so may I just add
25 in clarification to the schedule? I believe there's an SOP

1 timeline. That is a deadline by which it would come on, but
2 not -- it may happen sooner than that, but that's the --

3 Q Okay.

4 A -- deadline to which we could commit as a reasonably
5 prudent operator.

6 Q Mr. Gurses, you're an honorable man, I appreciate that.

7 So actually you think BP could get it online in
8 less than four months, don't you?

9 A I don't know. I'm not -- I'm a commercial person.
10 You'd have to ask my technical colleagues as to what is
11 possible, but my understanding is that is the schedule that
12 we can commit to as a reasonably prudent operator.

13 Q In light of other commitments that you all think may
14 have higher priority, right?

15 A In light of safety activities that need to be conducted
16 and the priority of -- prioritization of activity at
17 Na Kika, yes, sir.

18 Q And one of those higher priorities is the Manuel well,
19 correct?

20 A Yes, as a base activity, post-lease activity, yes.

21 Q A well that if it comes online --

22 THE COURT: Mr. Gurses, just in terms of your
23 business decision here, what about 6.4 makes you think that
24 Manuel can be given priority over Genovesa? Can you just
25 explain to me in your own words why 6.4 allows Manuel to

1 have priority? Forget the safety issue. I understand you
2 said "safety" a few times and I understand --

3 THE WITNESS: Yes.

4 THE COURT: -- that's critical, but I want to
5 start with priority of Manuel over priority of Genovesa.

6 What about 6.4 gives Manuel priority over
7 Genovesa?

8 THE WITNESS: Yes, Your Honor. Manuel is on a
9 lease that is called "MC 520" and that is a host lease so by
10 definition it is host lease production and therefore carries
11 priority under this provision Article 6.4, Your Honor.

12 THE COURT: I thought you said it was on 520, not
13 on 519.

14 THE WITNESS: Yes, Your Honor, Manuel is on
15 MC 520, which is the adjacent lease and that is a host
16 lease.

17 THE COURT: So which language here says that host
18 capacity in 520 has priority over 519 production? Where are
19 you reading that?

20 THE WITNESS: Yeah. So from the beginning, at all
21 times host leases production shall have priority use of the
22 host and host capacity over satellite production. And then
23 further down in the article, it talks about then the
24 activities that -- the next priority and that would be
25 Isabela, which is a lease called "MC 562." And then it

1 talks about the third priority being the MC 519 lease and
2 Genovesa is on the MC 519 lease.

3 THE COURT: And is "satellite production" a term
4 that you are familiar with and know what that means?
5 Because I'm not.

6 THE WITNESS: Yes, Your Honor, I believe.

7 THE COURT: And what is satellite production in
8 your mind?

9 THE WITNESS: Yes. Satellite production is
10 typically production that is additional or later than the
11 collection of business or collection of leases for which a
12 host was originally designed to develop. So in this
13 context, the Genovesa, also the Galapagos so Isabela and
14 MC 519 is satellite production.

15 THE COURT: And tell me --

16 MR. STARK: Your Honor, "satellite production" is
17 defined in the Agreement.

18 THE COURT: I understand that. Let me just -- I'm
19 trying to get his understanding.

20 MR. STARK: I apologize, Your Honor.

21 THE COURT: It says post-lease production is
22 priority use of the host and host capacity.

23 Are those also defined in your mind some way?
24 What does that mean?

25 THE WITNESS: Your Honor, the host -- my

1 understanding the host -- in this context, the host is the
2 Na Kika platform and the host capacity is the capacity of
3 that host to process production and deliver services to the
4 business.

5 THE COURT: And do you need to use the Na Kika
6 platform to install the jumper?

7 THE WITNESS: So, Your Honor, that is a question
8 that's probably best asked to my technical colleagues. I
9 could just explain my understanding, but just saying not
10 from -- that I'm not a technical person, but my
11 understanding is to effectuate the adjustments to the loop,
12 you do not I believe need the host, but you do need the host
13 to be able deliver production or produce because that's
14 where the operators are and all the host procedures that are
15 required to operate that well.

16 THE COURT: Yeah. But could you install the
17 entire jumper without putting any flow into it? Could the
18 entire jumper be installed without the use of the host and
19 the host capacity?

20 THE WITNESS: Well, I'm not certain of that. I
21 would have to defer to my technical colleagues to answer
22 that precisely, Your Honor, I'm sorry.

23 THE COURT: But you're reading this to say that
24 Manuel takes priority over all the work and it doesn't.

25 It only takes priority over the use of the host

1 and host capacity, right?

2 THE WITNESS: Yes, Your Honor. So in the --

3 THE COURT: I don't know why in the world can't we
4 get this timeline going faster? Why does Manuel affect the
5 timeline if you don't know if it requires the host or host
6 capacity? I'm not understanding why BP can't connect this
7 up.

8 THE WITNESS: Because there are activities on that
9 timeline that require the host so, for example, the running
10 of the procedures and the technicians are --

11 THE COURT: At the end of the timeline. But the
12 entire jumper can be installed, as far as you know, without
13 using the host, right? That may not be accurate, but you
14 don't know that the host is needed to install the jumper.

15 So why can't we get the jumper installed now?

16 THE WITNESS: Well now I believe we can -- the
17 timeline that's being proposed has the jumper being
18 installed earlier in the timeline. I think there are steps
19 that need to be taken to permit and execute that work and my
20 understanding is that the planning and the permitting of
21 that work is in process, Your Honor.

22 THE COURT: The timeline, I believe -- and we can
23 look back at it -- we're not having the jumper installed
24 till April 15th, if my memory is right. I don't understand
25 why it takes that long if there's no priority for Manuel in

1 your mind.

2 You assumed priority for Manuel without it being
3 in the document, right?

4 THE WITNESS: (No audible response).

5 THE COURT: I'm not too happy with the fact that
6 BP seems to be making no effort to get this done.

7 How long will it take you to make an effort to
8 come up with a timeline that works instead of deciding not
9 to have a timeline that works, Mr. Gurses?

10 THE WITNESS: My understanding from my technical
11 colleagues is that we are making an effort, Your Honor,
12 to --

13 THE COURT: No, you're not. No, you're not.
14 You're not making an effort to do it. You're making effort
15 not to do it. I want to know how long it will take you to
16 come up with something that works instead of something that
17 delays and artificially says you're going to go support some
18 other project.

19 Why can't we get BP's attention?

20 THE WITNESS: Your Honor, BP has put a lot of
21 attention on this and operator of the host --

22 THE COURT: No, you're not. Okay.

23 Go ahead please. Go ahead, Counsel.

24 MR. GENENDER: Thank you, Your Honor.

25 BY MR. GENENDER:

1 Q Mr. Gurses, isn't it the case that the work that has to
2 be done at the host is primarily paperwork in connection
3 with the single flow line plan?

4 A I'm not really qualified to answer that question, sir.
5 I would defer to my technical colleagues who know the
6 details of them. The steps that need to be done I'm not
7 familiar with that side of the business in terms of the
8 operation.

9 Q You'd agree with -- well, if it were just paperwork,
10 then you'd agree the paperwork could be done now instead of
11 having to wait until May, correct?

12 A I'm not able to answer that question as I'm not
13 familiar with the operation steps and I don't -- that's not
14 my area of expertise.

15 Q Isn't it the case that the priority in the Section 6.4
16 that you were being asked about is for physical interruption
17 or reduction in capacity at the host if there's something
18 like a hurricane as opposed to based on BP's unilateral
19 prioritization of its own interests?

20 A That is not the case.

21 Q Okay. How much faster than May 31 can BP get this well
22 online?

23 A So I'm not an operational expert. My understanding is
24 May 31 is the timeline that we can commit to as a reasonable
25 prudent operator in line with the other commitments that we

1 have at Na Kika.

2 MR. GENENDER: Your Honor, I'm going to object to
3 the answer as nonresponsive.

4 THE COURT: Sustained.

5 MR. GENENDER: Mr. Gurses, I'll re-ask it if I
6 may.

7 THE WITNESS: Yes.

8 BY MR. GENENDER:

9 Q How much sooner than May 31 can BP get the Genovesa
10 well online?

11 A I'm not qualified to answer that question, sir. I'm a
12 commercial person. I'm not familiar with the detailed
13 operation steps.

14 Q Okay. You have no reason -- do you have any reason to
15 dispute Fieldwood's testimony that it can get the well
16 online with reasonable cooperation from BP by March 26,
17 2021?

18 A Yes, I do.

19 Q What's your basis -- if you can't -- what's your basis
20 to dispute that if you can't tell me that the well could
21 come online prior to May 31?

22 A Based on my understanding and my conversations with
23 technical colleagues when they've looked at that timeline is
24 that it does not take into account the other commitments
25 that --

1 MR. GENENDER: Your Honor, I'm going to object.
2 Your Honor, excuse me, I'm going to object to the answer as
3 based on hearsay. I'm asking for his personal knowledge.

4 THE COURT: You asked him the question. He gets
5 to answer it. Go ahead.

6 MR. GENENDER: Okay.

7 THE WITNESS: Thank you, Your Honor. So based on
8 my conversations with my technical colleagues who have
9 considered that timeline is that we cannot deliver that
10 timeline in line with the other commitments that we have
11 with Na Kika host as host operator, LSPS operator.

12 BY MR. GENENDER:

13 Q When did BP first realize it couldn't bring Genovesa
14 online by April 5th, what day?

15 A Could you restate the question? I'm not sure I
16 understand the question.

17 Q You're testifying before this Court that BP can't bring
18 this well online by April 5th, 2021; is that your testimony?

19 A Yes, sir.

20 Q When did you first -- when did BP first come to that
21 realization?

22 A I would say in the -- as we were planning the --
23 thinking about the options once the source of the
24 abnormality leak on the LSPS was identified or in the
25 process of being identified and as operator, we were

1 thinking through options of how the situation could be
2 further handled, we had -- there was -- it was uncertainty
3 that we would be able to get the well online by the April,
4 its bar date.

5 Q Okay. So my question is when --

6 A I was to -- I would say the answer is late October,
7 early November, sometime in that -- in the fourth quarter,
8 early in the fourth quarter.

9 Q Well, aren't you aware, sir, that BP promised in
10 writing to have this well online by Q1 2021?

11 A What I'm aware of is that BP committed to attempt and
12 institute repair of the abnormality or the leak in the LSPS,
13 which we did, and we presented some scoping explanation of
14 the steps that would be needed -- or the options that we
15 hadn't discussed that we need to take in the event that that
16 instituted repair failed.

17 Q Mr. Gurses, that wasn't my question.

18 My question is: isn't it the case that BP
19 represented in October or November 2020 that this well would
20 be online by Q1 2021?

21 MR. STARK: Your Honor, I'm going to object.
22 Assumes facts not in evidence. If there's a writing he'd
23 like to show the witness, feel free.

24 THE COURT: Overruled. You know better. He puts
25 facts in evidence by asking witnesses questions. He didn't

1 assume anything was true. Asked him a question.

2 Answer the question, Mr. Gurses.

3 THE WITNESS: Yes, Your Honor. So we presented at
4 the October partner meeting a series of options of how we
5 could proceed and one of those -- one or two of those
6 options had the potential for the Genovesa well to come
7 online in 1Q of 2020, as stated (indiscernible).

8 MR. GENENDER: Thank you, sir.

9 BY MR. GENENDER:

10 Q And were you present at those meetings?

11 A I was.

12 Q Did you tell anyone at Fieldwood during -- did you
13 speak up at those meetings and say, "We're not going to be
14 able to bring Genovesa online by April 5th;" did you say
15 those words?

16 A There was a discussion at that meeting that that could
17 be a risk and at that time, there was a discussion that an
18 SOP would likely be prudent to guard against that
19 possibility.

20 MR. GENENDER: I'm going to object to that as
21 nonresponsive.

22 THE COURT: Sustained.

23 BY MR. GENENDER:

24 Q My question is: at that meeting in October that you
25 were present at, did you speak up and say, "We're not going

1 to be able to get this well online, Genovesa, by April 5th,
2 2021"?

3 A I do not have memory that that was said as an absolute
4 statement, but the --

5 Q You're not aware of anyone -- okay. But you're not
6 aware of anyone making that statement, are you?

7 A The risk was discussed.

8 Q I'm not asking about the risk, sir.

9 A The nature --

10 Q Go ahead.

11 A I'm sorry, I was just going to add that the nature of
12 these operations are that they -- they're in deep water and
13 they carry uncertainties related to all manner of things so
14 it was a -- the timing put was an estimation with the
15 general understanding of the room that there would be
16 timelines subject to operational risk to be able to deliver
17 them.

18 Q You're not aware of anyone at that meeting from BP
19 telling Fieldwood "This well is not going to be online by
20 April 5th," are you?

21 A I'm not aware of anyone saying that statement, but
22 along with that the --

23 Q Thank you, sir.

24 MR. GENENDER: I'm going to object to the last
25 portion of the answer as nonresponsive.

1 THE COURT: I'm going to let him finish his answer.
2 Go ahead, Mr. Gurses.

3 THE WITNESS: Yes, Your Honor. I was just adding
4 that along with the risk was knowledge of the meeting that
5 although there was a timing estimation given, these things
6 are subject to risk and there are no guarantees to be able
7 to deliver and the uncertainties involved.

8 THE COURT: Let me tell you why he's asking this
9 question, Mr. Gurses. You testified about five minutes ago
10 that BP knew in the fourth quarter that it couldn't finish
11 by April the 5th. His question is: it wasn't that you
12 testified that there was some risk it wouldn't finish, he
13 said you all knew it wouldn't get finished by April the 5th,
14 you knew that in the fourth quarter. The question basically
15 is, "Well, then why didn't you tell us you knew it?" Let me
16 ask it that way and maybe it'll make more sense.

17 If you knew in the fourth quarter, why didn't you
18 tell them?

19 THE WITNESS: Your Honor, I don't think we knew
20 it. We stated on the slide that the stated estimation was
21 in the first quarter and I believe in correspondence between
22 the parties, there was a recognition that an SOP may be
23 needed if --

24 THE COURT: No, no, no. Please try not to answer
25 other questions. You tend to do this.

1 THE WITNESS: I'm sorry.

2 THE COURT: You testified about five minutes ago
3 that BP knew in the fourth quarter that Genovesa would not
4 be online by April the 5th.

5 Why didn't anyone say that to Fieldwood?

6 THE WITNESS: BP did not know that, Your Honor.
7 We stated on the chart I think in the October co-owner
8 meeting that --

9 THE COURT: You testified that BP knew that about
10 five minutes ago, seven minutes ago now.

11 Was that wrong when you gave that testimony?

12 THE WITNESS: Potentially, Your Honor, the correct
13 answer is that at the October --

14 THE COURT: Why don't you try and -- if you can't
15 answer questions, then you shouldn't be a witness.

16 Was it wrong when you gave that testimony before?

17 THE WITNESS: Your Honor, please can you remind me
18 the specific testimony that you're referring to?

19 THE COURT: We're going to just move ahead.

20 Go ahead, Mr. Genender.

21 MR. GENENDER: I'd like to call up if I can --
22 this is one of BP's exhibits -- BP Exhibit 5 that is at
23 832-5 and I want to go to page -- the first page --

24 THE COURT: Who's your presenter, Mr. Genender --

25 MR. GENENDER: I'm sorry.

1 THE COURT: -- so I can activate it, Ms. Choi?

2 MR. GENENDER: I apologize, Judge. It is

3 Ms. Choi. Thank you, Judge.

4 THE COURT: All right.

5 MR. GENENDER: And this is -- I'm told this is an
6 exhibit that was -- that is under seal, Judge.

7 What's my best way to proceed with that?

8 THE COURT: Well, don't put it up then if it's
9 under seal.

10 MR. GENENDER: Don't put it up. I'm sorry, I'm
11 sorry, yeah.

12 Does the witness have access to the --

13 THE COURT: What is the exhibit number?

14 MR. GENENDER: It's Exhibit -- it's 832-5, Judge.
15 If the witness has a copy and if you can pull it up, Judge,
16 I -- would that work?

17 THE COURT: Hold on. If the witness has a copy,
18 it's going to work. And I believe I have a copy.

19 MR. GENENDER: Could I ask opposing counsel to
20 send a copy of this to Mr. Gurses if he doesn't have it
21 please?

22 MR. STARK: Yeah. Katie, can you email a copy to
23 him?

24 MS. TIPPER-MCWHORTER: Yes, I'm doing it right
25 now.

1 MR. GENENDER: Thank you, Bill.

2 MR. STARK: Absolutely.

3 (Pause in the proceedings.)

4 THE COURT: What page are you on on this?

5 MR. GENENDER: I'm looking at page 18, Your Honor,
6 of the document in the lower right.

7 THE COURT: Thank you.

8 BY MR. GENENDER:

9 Q Mr. Gurses, do you have this document in front of you,
10 sir?

11 A So I can't see the document that you're referring to.

12 Are you sharing something?

13 MS. TIPPER-MCWHORTER: No. Kamil --

14 MR. GENENDER: No, that was the --

15 MS. TIPPER-MCWHORTER: Sorry, Paul.

16 Kamil, it's under seal. I just emailed it to you.

17 And, gentlemen, I apologize. Our email servers are pretty
18 slow with the security protocols. It might take a few
19 seconds to come through.

20 THE COURT: No problem. Thank you.

21 This particular page does it need to be under
22 seal or can we just put up the one page? Is there a reason
23 why -- there may be. I don't know, whether this is needing
24 to be sealed or not.

25 MS. TIPPER-MCWHORTER: I apologize. What page are

1 we on?

2 THE COURT: 18.

3 MS. TIPPER-MCWHORTER: All right. Just a moment.

4 MR. GENENDER: Thank you.

5 THE WITNESS: Well, everyone, an email has just
6 come through. I'm opening it up. Please bear with me.

7 THE COURT: All right. Thank you.

8 MR. GENENDER: Okay.

9 THE WITNESS: I have the attachment that was sent
10 opened.

11 MR. GENENDER: Thank you, Mr. Gurses.

12 BY MR. GENENDER:

13 Q Mr. Gurses, if you look at the first page, this is a
14 document prepared by BP, correct?

15 A It is.

16 Q And it relates to the co-owner meeting that you were
17 just testifying about a few minutes ago, right?

18 A It does.

19 Q From October of 2020, right?

20 A Yes, sir.

21 Q And you were at that meeting, right?

22 A I was, sir.

23 Q And this document was used at that meeting, wasn't it?

24 A Yes, sir.

25 Q And if you look at -- if you can turn to page 18 where

1 it says -- the title starts LSPS Narrowed Repair Options; do
2 you see that?

3 A I'm scrolling to the specific slide. If you'll just
4 bear with me a moment?

5 Q Absolutely, sir.

6 A The next slide, 15, 16, 17. Yeah, I'm looking at a
7 slide that says, "LSPS Narrowed Repair Options."

8 Q Okay. And I'm going to try to not read a bunch of
9 stuff from the document, but I'm going to just reference a
10 couple of things.

11 Do you see one it has Galapagos plan forward and
12 then it has two options under that? One is loop restoration
13 on the right, the other is LT single line ops; do you see
14 that?

15 A Yes, I do.

16 Q And then it refers to Option 1 and it says -- refers to
17 Genovesa, right?

18 A Yes, it does.

19 Q And then on the left, it has a box. It's a little bit
20 dark, but it says, "Startup impacts," right?

21 A Yes, I see that.

22 Q There's an asterisk and it -- there's an asterisk and
23 then it refers to costs and schedule references or estimates
24 are only -- and based on early screening and benchmark
25 tests; do you see that?

1 A I do, sir.

2 Q And then is says, "1Q '21" for Genovesa, doesn't it?

3 A It does.

4 Q But is says, "4Q '20" for Isabela, doesn't it?

5 A It does.

6 Q And when did Isabela come online?

7 A So this is subject to a different joint venture, but I
8 believe it's generally known that it came online in
9 December.

10 Q So BP met the Isabela deadline, right?

11 A It came online in the time that is stated here on the
12 slide, yes, sir.

13 Q But if saying now three or four months later that it
14 can't meet the Genovesa deadline of Q1; is that what --
15 that's your testimony, right?

16 A Yes, sir.

17 MR. GENENDER: Your Honor, I'd offer BP -- if
18 offer this document 832-5, BP Exhibit 5, into evidence,
19 Your Honor.

20 THE COURT: Any objections?

21 MR. STARK: No objections, Your Honor.

22 THE COURT: It is admitted. It is provisionally
23 under seal pending review of the Motion to Seal and any
24 objections to that, but we'll leave it under seal although
25 it's admitted. Thank you.

1 (BP's Exhibit No. 5, 832-5, received in evidence under
2 seal.)

3 BY MR. GENENDER:

4 Q You agree, Mr. Gurses, that BP has the contractual
5 right to allow Fieldwood to serve as operator for this
6 project and conduct the single flow line option and execute
7 the single flow line option, right?

8 A Can you define the question, sir? When you talk about
9 the single flow line option, what do you mean?

10 Q I mean exactly the plan to get Genovesa online that
11 we've been talking about all afternoon and evening.

12 You agree that BP has the contractual ability to
13 allow Fieldwood to be the operator, right?

14 A Oh, that's all been operation. Yes, it has the ability
15 to do that.

16 Q Thank you very much, sir.

17 And you'd agree that if Fieldwood were the
18 operator, you, sir, would support BP cooperating reasonably
19 with Fieldwood's efforts to bring Genovesa online before the
20 lease expires, wouldn't you?

21 A Can you clarify the question, sir, just so I understand
22 what you're asking?

23 Q Well, if Fieldwood were the operator for the single
24 flow line option to bring Genovesa online, you, sir, as a
25 representative of BP, would favor BP providing reasonable

1 cooperation to allow Fieldwood to achieve its goal, wouldn't
2 you?

3 A Yeah, if Fieldwood were the operator, then we -- BP
4 would act -- if that permission would be granted, BP would
5 act as a prudent operator to progress, yeah.

6 Q Well, I'm actually asking a little bit different
7 question.

8 Would you provide reasonable cooperation to allow
9 Fieldwood to reach its goal of saving this lease and
10 bringing this well online by April 5th?

11 A Yes, we would if that was allowed, yes.

12 Q Okay. Do you want -- Mr. Gurses, as you sit here, if
13 you were in control of the world, would you prefer for the
14 Genovesa well to come online by April 5th, 2021?

15 A If that were possible then, yes.

16 Q Are you saying it's impossible, there's no way in the
17 world BP could allow that to happen; is that what you're
18 testifying?

19 A I'm testifying that we cannot commit to a schedule that
20 allows us to do that without breaching safety or our PHA
21 Agreement.

22 Q Okay. But you're not saying it's impossible, are you?

23 A Not qualified to say that, sir. You'd have to ask my
24 operation colleagues about whether it's possible, but I'm
25 not saying it's impossible, to answer your question.

1 Q Thank you, sir. You were asked a number of questions
2 about adverse impacts; do you recall that at the beginning
3 of your examination?

4 A I do.

5 Q Is the underlying leak that was uncovered in April
6 2020, is that an adverse -- in the loop, is that an adverse
7 impact?

8 A Can you define the question a little bit more? So what
9 are you asking?

10 Q Well, you testified about adverse impacts on your
11 direct examination; do you recall that?

12 A I did. I do.

13 Q And you said that the temporary single flow line could
14 be an abnormal operation, which could be an adverse impact,
15 and that changing of conditions on the LSPS could be an
16 adverse impact; do you recall testifying to that effect?

17 A I do.

18 Q I'm asking you if you go back further to April 2020
19 when the -- when Fieldwood learned about the underlying leak
20 in the loop system, is that an adverse impact?

21 A I don't believe it's in context of the Agreement. The
22 leak is something that was discovered and happened and I
23 believe in the context of the Agreement, the way adverse
24 impact is construed it's something that you choose to do and
25 that either does or does not have an adverse impact. The

1 leak happened. No one chose that.

2 Q So the leak that wasn't Fieldwood's -- you'd agree with
3 me the leak wasn't Fieldwood's fault, right?

4 A Yes, sir.

5 Q But you're saying the solution to repair it to keep the
6 lease in place that somehow is an adverse impact; is that
7 what you're testifying?

8 A My testimony is when I was asked is the proposed
9 (indiscernible) operation of the Genovesa single flow line
10 an adverse impact and BP's determination as operator was
11 that it was an adverse impact in the way that I described.

12 MR. GENENDER: But I'm going to object to that as
13 nonresponsive because I asked a different question.

14 THE COURT: Overruled.

15 BY MR. GENENDER:

16 Q Are you testifying that you have -- have you ever
17 expressed a concern about -- a safety concern to Mr. Vaughn,
18 your counterpart, in connection with the single flow line
19 option that -- before this Court?

20 A My technical colleagues are the people that make a
21 determination what is and what is not a technical or a
22 safety concern so that is a conversation that happens more
23 in the technical realm. I have not --

24 Q I want to be clear on this, Mr. Gurses.

25 So your testimony is: you yourself have not spoken

1 to your counterpart, Nathan Vaughn, at Fieldwood and
2 expressed a concern for safety in connection with
3 Fieldwood's proposed schedule to bring Genovesa online,
4 correct?

5 A Correct.

6 Q Thank you, sir.

7 MR. GENENDER: Your Honor, may I just have one
8 moment to look at my notes?

9 THE COURT: Yes, sir.

10 MR. GENENDER: Thank you.

11 (Pause in the proceedings.)

12 MR. GENENDER: Your Honor, I'm going to pass the
13 witness. Thank you very much.

14 THE COURT: Thank you. Mr. Skelton?

15 MR. SKELTON: Yes.

16 CROSS-EXAMINATION OF KAMIL GURSES

17 BY MR. SKELTON:

18 Q Mr. Gurses, my name is Barnet Skelton and I represent
19 Red Willow Offshore, LLC and Houston Energy Deepwater
20 Ventures I, LLC; are you familiar with those entities?

21 A I am, sir.

22 Q And you're familiar with the fact that Red Willow has
23 a 30 percent working interest with MC 519 and HEDV, which
24 is -- I'll abbreviate, has a 5 percent interest.

25 A I am.

1 Q And you're aware that they are parties to the LSPS
2 Agreement and the PHA Agreement, correct?

3 A I am.

4 Q All right. Now you spoke about the Genovesa well and
5 the Manuel well being completed in the same formation; do
6 you recall that?

7 A I do.

8 Q And that formation is a middle Miocene reservoir called
9 "M55," isn't it?

10 A That's the label, yes.

11 Q All right. And just to put it in perspective for the
12 Judge, isn't it correct that the Manuel well, the bottom
13 hole location is about say 3600 feet from the Genovesa well
14 bottom hole location?

15 A I don't know that information, sir. That would be my
16 subsurface colleagues that could speak to that. I don't
17 know the --

18 Q They're closely located, aren't they?

19 A Well, I guess it would depend on how you would define
20 "close" in this context so --

21 Q Would you agree they're less than a mile from each
22 other?

23 A Sir, I don't know that.

24 Q All right.

25 A I can't --

1 Q Well, you talked about priority of host production and
2 so forth and host leases.

3 Now am I correct that the Manuel well was
4 completed in or around August of 2018?

5 A I can't recall the exact time, but it may have been
6 around that. I would have to go back to my notes to see the
7 exact time of the completion, but I can't recall exactly
8 when it was completed.

9 Q Okay. Well, can you explain to me why this well
10 completed in August 2018 that BP didn't apply for a permit
11 to lay a pipeline from that well to Na Kika until December
12 of 2020?

13 A I cannot. I'm a commercial person so I would defer
14 that to my technical colleagues who are managing that
15 project who have knowledge of that.

16 Q You wouldn't disagree with me that BP just recently
17 obtained the permit necessary to lay the pipeline to connect
18 up the well, the Manuel well, to the Na Kika. You'd agree
19 with me that's correct, wouldn't you?

20 A My role doesn't include permitting so I'm not aware of
21 the exact timelines of the permit that went in. I just
22 cannot answer.

23 Q Well, let's put it another way. Your well that right
24 now there is a ship out in the Gulf of Mexico laying
25 pipeline from the Manuel well to the Na Kika; isn't that

1 true?

2 A That is my understanding.

3 Q All right. And Manuel isn't going to be hooked up with
4 a loop, is it? It's going to go direct into Na Kika; isn't
5 that true?

6 A Yes. The Manuel development doesn't go via the LSPS
7 loop. It goes direct in. It will be a (indiscernible) line
8 into Na Kika.

9 Q And so you mentioned when there was a discussion about
10 priority and I think it was Section 6.4 of the PHA Agreement
11 there is no production from Manuel at this time, is it?

12 A There is no production from Manuel.

13 Q And "host production" means production of oil and gas,
14 doesn't it?

15 A Yes, it means the production of oil and gas I believe
16 current or future, but it means the development of the host
17 leases business.

18 Q Well, I can -- I imagine Ms. Choi can pull this up, but
19 Section 2.2.483 of the PHA defines "post-lease production"
20 means oil, gas, water and associated substances produced
21 from the host leases and processed and handled on the host.

22 Now there isn't any oil and gas being produced
23 from Manuel at this time, is there?

24 A There is not, no.

25 Q But BP is in a big hurry to see that there is such

1 production, isn't it?

2 A There is a timeline associated with that project that
3 BP is executing as operator.

4 Q All right. And so tell me about that timeline.

5 Are you telling the Court that you have
6 prioritized that timeline over the timeline necessary to get
7 the Genovesa well producing by April 5th?

8 A There are activities associated with that project on
9 the host that carry priority over the MC 519 lease on which
10 Genovesa is on.

11 Q So the answer is "Yes," you are prioritizing getting
12 the Manuel well on production before Genovesa, correct?

13 A My answer is as I stated, yes, as I previously stated.

14 Q God forbid that the MC 519 lease should expire. BP
15 would be right there to pick up the pieces and have that --
16 and purchase that lease and have two wells sucking from the
17 same formation, wouldn't it?

18 MR. STARK: Objection, Your Honor. Calls for
19 speculation.

20 THE COURT: Sustained.

21 MR. SKELTON: I'll pass the witness.

22 THE COURT: Thank you. Mr. Stark?

23 MR. STARK: Thank you, Your Honor.

24 REDIRECT EXAMINATION OF KAMIL GURSES

25 BY MR. STARK:

1 Q Would BP bring the Genovesa well online any faster if
2 it had an ownership interest in it?

3 A I don't believe it would. We're executing on a role as
4 operator (indiscernible) and host.

5 Q BP has a number of different roles in this area as
6 owner, operator, Na Kika host.

7 How does BP balance those roles and obligations?

8 A It balances them in line with our Agreements.

9 Q How does staying in compliance with the Agreements
10 help -- or allow BP to balance those roles?

11 A So as operator, we need to stay in line with our
12 Agreements to make sure we meet our commitments to the
13 various partners that we have at the Na Kika host of which
14 there are a number related to different joint ventures at
15 that host.

16 Q Fieldwood was aware of the prioritization and the PHA
17 when they signed on, weren't there?

18 A They were.

19 Q But you were asked about this concept of draining the
20 reservoir between Genovesa and Manuel.

21 Do you have any understanding as to whether Manuel
22 coming online prior to Genovesa would drain the reservoir?

23 A I do not. That's not within my realm of expertise as a
24 commercial person.

25 Q You were asked if BP proposed the same schedule in

1 November that it's proposing today, would Genovesa be
2 online; do you recall that?

3 A I'm sorry, sir, could you repeat the question?

4 Q You were asked whether if BP had proposed the schedule
5 it proposes today, had it proposed that back in November,
6 then Genovesa would be online prior to lease expiration; do
7 you recall that?

8 A I do recall that.

9 Q In November, did BP have all of the information it
10 needed from Fieldwood to propose that schedule?

11 A It did not.

12 Q Do you recall which information or categories of
13 information BP lacked and requested from Fieldwood in
14 November?

15 A In November, that proposed operation needed to be --
16 needed to have a feasibility study done and that included
17 work to look at flow assurance but by which I mean the risks
18 associated with flowing a well like that in the single line
19 mode of operation and that -- and in order to do that work,
20 we needed -- BP needed information from the well operator on
21 how that well --

22 THE COURT: That answer is -- I'm going to strike
23 the answer as nonresponsive. You can re-ask the question.

24 MR. STARK: Thank you, Your Honor.

25 BY MR. STARK:

1 Q But what information did BP need from Fieldwood in
2 November to be able to evaluate the single flow line?

3 A It needed information on how the well was planned to be
4 operated through the flow line and it needed -- yeah, that
5 was the primary, I believe, information that was needed or
6 one of the pieces of information that was requested.

7 Q Did Fieldwood provide the information BP requested?

8 A It did.

9 Q And when did Fieldwood provide the information BP
10 requested?

11 A It was over a series of exchanges that happened through
12 late November and December. Up until the end of December
13 there was an exchange, there was a regular exchange of
14 information between BP and Fieldwood.

15 Q Do I understand you correctly then that BP finally
16 received all of the information it needed from Fieldwood at
17 the end of December of last year?

18 A That is my understanding, yeah, the end of December.

19 Q Thank you.

20 MR. STARK: I'll pass the witness.

21 THE COURT: Thank you. Mr. Genender, anything
22 further?

23 MR. GENENDER: Just one question, Your Honor, or
24 one --

25 RECROSS-EXAMINATION OF KAMIL GURSES

1 BY MR. GENENDER:

2 Q Mr. Gurses, do you know whether BP ever told Fieldwood
3 that it could bring Genovesa on earlier if Fieldwood
4 provided an overriding royalty interest on the well?

5 A I don't know if that was said, no.

6 Q Have you ever heard anything to that effect?

7 A There were discussions previously about commercial
8 arrangements around Genovesa and Manuel between the parties.

9 Q Now how would -- how is it that BP receiving an
10 overriding royalty interest would allow it to move faster to
11 bring this well online? Would that just increase the
12 priority?

13 MR. STARK: I'm going to object, Your Honor. That
14 misstates the witness' testimony.

15 THE COURT: Overruled.

16 THE WITNESS: I would say in a commercial
17 negotiation, if all the parties were involved to the
18 agreement, a different priority or a different agreement can
19 be agreed, but that would need to be agreed between the
20 parties to alter the agreement in a commercial matter.

21 MR. GENENDER: I don't have anything further,
22 Your Honor.

23 THE COURT: Mr. Skelton?

24 RECROSS-EXAMINATION OF KAMIL GURSES

25 BY MR. SKELTON:

1 Q Now, Mr. Gurses, BP never even once raised the issue of
2 host production priority with Fieldwood, did it?

3 A It has on multiple occasions, sir.

4 Q So you're telling me that BP has told Fieldwood that
5 it's putting its Manuel project in line ahead of Genovesa.

6 A Sir, that's not what I said. I said -- or your
7 question, sir, was has BP raised the issue of host lease
8 priority and I answered that.

9 Q All right. Well, did it ever tell Fieldwood that it
10 was putting the Manuel project and laying that pipeline and
11 completing it to the Na Kika as a higher priority than
12 Genovesa?

13 A I believe we've always told Fieldwood that we -- as
14 operator that we would act in accordance with our
15 Agreements.

16 MR. SKELTON: Objection, Your Honor.
17 Nonresponsive.

18 THE COURT: Sustained.

19 BY MR. SKELTON:

20 Q You never told them, did you?

21 A (No audible response).

22 MR. SKELTON: I'll pass the witness.

23 THE COURT: Mr. Stark?

24 MR. STARK: Nothing further, Your Honor.

25 THE COURT: Thank you.

1 (Witness steps down.)

2 THE COURT: Mr. Stark, who's your next witness?

3 MR. STARK: Your Honor, could we take brief
4 recess?

5 THE COURT: Yes, sir. How long would you like?

6 MR. STARK: Five minutes, 10 minutes.

7 THE COURT: Sure. We'll come back at 7:22. Thank
8 you.

9 MR. STARK: Thank you, Your Honor.

10 (Recess taken from 7:12 p.m. to 7:21 p.m.)

11 AFTER RECESS

12 THE COURT: Mr. Stark?

13 MR. STARK: Yes, Your Honor.

14 THE COURT: You're up.

15 MR. STARK: Call Craig Redding, please.

16 THE COURT: Mr. Redding would you please press
17 five star on your line?

18 (Pause in the proceedings.)

19 THE COURT: I see you. Let me get that activated,
20 Mr. Redding. Good evening, Mr. Redding.

21 (Witness sworn.)

22 THE COURT: Thank you, sir.

23 DIRECT EXAMINATION OF CRAIG READING

24 BY MR. STARK:

25 Q Mr. Reading, please state and spell your name.

1 A My name is Craig Redding. Spelled, C-R-A-I-G. Last
2 name Redding, R-E-D-D-I-N-G.

3 Q How are you employed?

4 A I am employed by BP.

5 Q What's your position at BP?

6 A After the recent reorganization, I became the Subsea
7 Operations Projects Manager for Western Hemisphere.

8 Q And prior to that, what was your position at BP?

9 A So prior to that I held roles in Subsea operations for
10 three years building all the global manifold jumpers and
11 valves for all projects and two other major projects as
12 project manager for sub-sea delivery.

13 Q How long have you been with BP?

14 A Twelve years.

15 Q As a project manager, what did your role entail?

16 A So largely integration. You know, making sure that
17 folks are paying attention to sort of the technical teams
18 that are developing the solutions. How those get integrated
19 with cost and schedule as well as the safety performance of
20 the delivery and the installation of those equipment.

21 Q Does your role involve scheduling with respect to
22 Na Kika?

23 A I will say in late July I was brought in to support
24 LSPS diagnostics from a long term remediation perspective.
25 Developing cost and schedule estimates for what might be the

1 repair, replacement options for the LSPS.

2 Q Can you explain for the Court how BP develops its
3 schedules?

4 A So generally it starts with a defined scope of work at
5 a very high level in concepts. I think on the order of five
6 to seven concepts were evaluated for the LSPS remediation.
7 All the way from replacing the line to attempted repairing
8 the line to institute repairs.

9 And so as we built those estimates, we narrowed down,
10 based on the scopes of work what we call concept selection.
11 Which is essentially at a high level agreeing a generality
12 of scope in comparing with benchmarks what the actual cost
13 of equipment, engineering and installation costs would be.

14 Q Are you involved in scheduling for the Genovesa single
15 flow line?

16 A I am. In my new role, I manage the resources that
17 perform third party tie backs to our host facilities here in
18 the Gulf of Mexico including Genovesa.

19 Q What has BP done to bring Genovesa online?

20 A So I will say, you know, earlier we talked about in
21 October when we realized that the loop was potentially going
22 to have a longer term repair or replacement of a segment, we
23 had proposed at that time a concept that might be able to
24 bring the production on sooner in a temporary case if it
25 were feasible to then enable us to replace the impaired

1 segment which is about a one mile segment of the flow line.

2 So that was what we proposed and I think has been
3 shared in the October meeting. And then we provided updates
4 throughout November and December on a weekly basis with the
5 technical team meeting with Fieldwood as well as what we did
6 in December and January co-owner meetings.

7 Q What was the nature of the update you provided during
8 those weekly meetings and the co-owner meetings?

9 A On the weekly meetings, it was largely technically what
10 we're doing to either perform diagnostics and look at the
11 remediation options. And most of that was focused in until
12 we found the source of the leak in November on what our next
13 steps were for remediation options as well as the
14 preparation for these kind of *in situ* repairs of the bolt
15 tightening and then options to discuss would we replace the
16 section versus repair a section.

17 So, up and through that point, the focus was largely on
18 what we were doing in the field for diagnostics and trying
19 to get this loop back on line without a major repair.

20 Q Did BP progress both the bolt tightening option and the
21 single flow line simultaneously?

22 A Yes. I think it was in early December after we had
23 proposed that it was looking like the bolt tightening was a
24 campaign we thought might be successful. But should it not,
25 we started working with the Fieldwood teams to look at the

1 options and the technical feasibility of the flow assurance
2 as well as what we would do from a regulatory perspective as
3 well as what we would do in the case of the future ties ins,
4 right, and what that would entail.

5 Q What did BP do in January to progress the single flow
6 line?

7 A So in January, our focus was on progressing some of the
8 procedures as well as the equipment that's needed for the
9 jumper removal. And we actually kicked those off with the
10 jumper removal with four pressure caps back in September.

11 And in December when we got a -- the vendor that was
12 reworking those, we got a quote -- I think it was early
13 December -- and turned that around in a couple days to have
14 those as contingency parts should we need them either for a
15 bigger de-oiling operation should we have continued leak.
16 Or for the single flow line option.

17 Outside of that, it was largely focused on working
18 through and having several sessions with both Fieldwood and
19 their contractor, Tommy Gulsinsky (phonetic), who was
20 running flow assurance analysis to help with our feasibility
21 assessment.

22 Q In your estimation, has BP been working diligently to
23 progress the single flow line?

24 A Absolutely. I think myself, my team, the installation
25 team that's been, you know, sort of working the diagnostics

1 work and vessel work, they've continued to work through and
2 drive our vendors that are providing this equipment for us
3 and looking at procedures and options.

4 And I think when you look at what we came up with in
5 December and in January greatly simplified what were complex
6 operations as we were learning what single flow line might
7 entail from the risk assessment.

8 Q Have you been addressing the single flow line on an
9 expedited basis?

10 A Yes. Yeah, I think we always have challenges. I think
11 particularly with the pressure caps that I referenced. Sort
12 of what took us from the September to December. Two
13 hurricanes passed through Barwick (phonetic) area and was
14 shut down the plant for two weeks and impacted them quite a
15 bit there for what they were doing in the shop.

16 But outside of that, we've been working diligently with
17 the team, reviewing with them what information we have. All
18 the way up through Christmas. Right, so even I recall we
19 had a long session the Friday afternoon just before the
20 Christmas holidays and the Tuesday before Christmas.

21 Q Now are there any issues with respect to equipment
22 availability?

23 A There is. We continue to work and escalate through our
24 senior management as well as ones sub-sea that is the
25 contractor that provides the pressure caps for these.

1 They've had what's a week delay over the last couple of
2 months which puts us at the mid-February to the end of
3 February for the delivery of the four caps we have.

4 Q Did you hear the prior testimony that pressure caps are
5 apparently available from other companies?

6 A I did hear Bhat's testimony. We have inquired in the
7 past if Fieldwood did remove one pressure cap when they
8 installed this jumper back in April -- which was a BP owned
9 pressure cap. That I think they referenced that they could
10 get refurbished. Which is what we've done with ours.

11 But we have asked if they had any other equipment with
12 these ones sub-sea caps and there was nothing they had to
13 offer at the time when we made the request. There is a cap
14 that they do own that we have or that we'll need access to
15 and they're going to release that to us.

16 Q When you say, "they" I want to make sure we're clear.
17 The "they" is Fieldwood?

18 A Fieldwood, correct. Fieldwood works with -- they have
19 one end of their jumper of the Genovesa jumper that's a
20 trend setter connector that we don't have anywhere in our
21 global fleet.

22 As well as then the other end being a One Subsea CBC
23 connector which we have in our global fleet but don't have a
24 stock of pressure caps available that were ready to run
25 offshore.

1 Q Even with Fieldwood providing one pressure cap, how
2 many more do you need?

3 A We need a minimum of two pressure caps for every
4 jumper. So I think for pulling their jumper, they'll need
5 one trendsetter cap that goes on their plus end and One
6 Subsea cap that goes on the Santiago plum.

7 Then that needs to be a flooding cap that then flushes
8 our flow line jumper before you can get the oil out and
9 flushed into the flow line to pull that. Then you need two
10 more.

11 So we are progressing a total of four at the moment.
12 Two flooding caps, two pressure caps with one being a spare.

13 Q I apologize if I've asked you this. What's the
14 availability of those items?

15 A So the two flooding caps, we are currently looking a
16 somewhere between the 10th and the 14th of this month. And
17 the two pressure caps were reported last week as being the
18 very end of February or first of March.

19 And we are doing what we can to expedite that with One
20 Subsea management.

21 Q If that can't be expedited and they do come in the
22 first of March, do I understand properly that the jumper
23 removals can't begin until the first of March?

24 A You might be able to progress with the -- one of the
25 jumpers, but you would not be able to progress the flooding

1 of the second jumper. And right now the way BP has proposed
2 it is, is a sequential operation with a single vessel in the
3 field that would remove a jumper, flush the jumper, and pull
4 the next -- move it into not only two campaigns but
5 potentially three.

6 Q And what impact would that have on scheduling?

7 A So again I think it depends on, you know, the next area
8 where we get into -- it's probably not a huge aspect other
9 than your first jumper that you'd be retrieving would be in
10 the first week of March. You'd be flooding and recovering
11 the next jumper in the second or third week of March. Then
12 as Bank's described, you've got, you know, somewhere between
13 10 and 14 days of fabrication time to build the final jumper
14 that they would install from their plus to our plum.

15 And then we would have a second campaign to bring that
16 stuff to install and pressure test that jumper.

17 Q Not sure I followed the math exactly, but that falls
18 after April 5th; is that correct?

19 A It's right on or about the second week of April based
20 on what I would call determine a thick schedule with some
21 contingency for weather.

22 So I think there's been a lot of discussion around
23 probabilities and schedules and, you know, I think we'll
24 look at the certainty and commitment of what we would do in
25 our schedule that we've been providing.

1 We've been open with Fieldwood, I think, since December
2 and even more so in January, the co-owner meeting, what the
3 timeline would be for this.

4 Q You talked about schedules. Have you attempted to put
5 together a schedule that would have Genovesa online by or
6 before April 5th, 2021?

7 A I have. I challenged the team to see what's realistic,
8 what's practical, what's safe. And I think it's really
9 challenging. I wouldn't say it's impossible. It's within
10 the realm of possibility, but it is very difficult to
11 achieve. I think as Bank described, I have different
12 opinion than Mr. Bhat when it comes to the probability.

13 I have a feeling that having the ability to get that
14 well online is probably less than a five percent chance of
15 surety. But I do believe that in April is more -- by end of
16 April, early May would be a kind of 25 percent chance.

17 Again, all of our schedules take into account risk and
18 typically we plan on what we call a P50 schedule. Which has
19 allowances for certain things and certain things that we
20 don't, so.

21 Our schedule that we provided to Fieldwood in the five
22 bullet listed, it was proposed in May is what we call a P50
23 schedule.

24 Q That's a schedule you feel reasonably capable of
25 meeting?

1 A Absolutely. There's some risk built into there and I
2 know that we can be beat that schedule. Normally we plan
3 based on P50 and then we try to set targets earlier than
4 that.

5 But our deterministic schedule today with the team, you
6 know, and it's changing as it develops. We get more and
7 more certainty. You know, they've got a schedule of June.
8 I've taken overviews on that schedule and I think that we
9 will be able to deliver in mid-May with the possibility of
10 delivering later in April.

11 Q The schedule you created by pressing the team to come
12 up with something by April 5, it's obviously not a P50.
13 What's that probability of that schedule being successful?

14 A I see that as a five percent -- when we deal in those
15 probabilities of P10 or P5 is what we describe it -- there's
16 no room for February and March cold front to come through
17 that would delay the vessel by three or four days.

18 There are risks associated with some of these
19 connectors and the bowels with some of the history in this
20 system and removing these jumpers. This is not a quite
21 simple task. Although it's a task that we've performed
22 before to evacuate oil from our flow line jumper. It's not
23 a simple easy flush, Your Honor.

24 It's -- I think -- we have to alternate chemicals with
25 different density to try and flush the oil out from the top

1 and the bottom of these -- what we call the MJ jumpers.

2 Q To achieve the schedule for bringing Genovesa online by
3 April 5 is it accurate to say that every thing would have to
4 go -- sorry what was that?

5 MR. GENENDER: Go ahead. I was going to object
6 leading, but.

7 MR. STARK: Fair enough.

8 BY MR. STARK:

9 Q Would everything have to go perfectly to achieve the
10 schedule that would have Genovesa online by April 5?

11 A I think perfect is relative, but yes nearly perfectly
12 to achieve that schedule.

13 Q No room for significant weather?

14 A Significant weather, COVID, connector issues that we
15 might have, valve issues, potentially having hydrates under
16 valves where you have to bring another piece of equipment
17 out to the field.

18 As well as, you know, there's a piece around getting
19 access to the fabricated jumper and all the documentation
20 that Fieldwood has been providing to close out our MOCs for
21 the startup.

22 So all of that has to go, you know, ahead of plan
23 almost because there's likely some pieces of that as we get
24 into operator training and the final MOCs to get that start
25 up. I have not done start ups within a day of learning that

1 jumper.

2 There's pre-start up safety reviews that we have that
3 review all that production into documentation. We are
4 progressing a lot of that stuff in advance and we review
5 that on a weekly basis with Fieldwood.

6 Q When you say, "MOCs" just so I'm clear, what are MOCs?

7 A Sorry, MOC is management of change. So for this
8 project it's, you know, while we had one final step to get
9 the project online, should the LSPS have worked with all the
10 tie in, there's still documentation we've been reviewing.
11 This is a change that now we've got to go back within our
12 process and identify the risk with all of these changes.
13 Particularly removing a section of a loop that we -- the
14 procedures that go along with how we operate the system and
15 the new things that we'll have to do to ensure flow
16 assurance for safe start up and shut down for the operation
17 of the Genovesa well.

18 Q In addition to kind of everything having to fall
19 properly, do you have any safety concerns in connection with
20 the potential April 5 schedule?

21 A Yes, I mean there's safety risks all across what we do
22 and we have to be very careful this jumper recovery as well
23 as cutting these jumpers.

24 We -- you're going to involve a vessel, a crane, and as
25 Banks said, you've got equipment that you're bringing up the

1 deck with personnel safety issues. You've got, you know, a
2 jumper that you'll move into the field with and need to lock
3 onto equipment with a well that's -- the Santiago well just
4 adjacent to this in the field as you're bringing and
5 retrieving these pieces of equipment and relowering.

6 And of course from a hazard operations, we do have to
7 go back and review all of the ways that we operate this
8 well, the valve line ups so that there's no inadvertent, you
9 know, areas where we could end up freezing up or hydrating
10 the line while in production or during a shut down.

11 MR. STARK: Rachel, can you pull up Exhibit 20,
12 please? And flip to page three.

13 (Pause in the proceedings.)

14 UNKNOWN FEMALE: Your Honor, could you please
15 make -- oh there we go. Thank you.

16 (Pause in the proceedings.)

17 BY MR. STARK:

18 Q There we go. Have you seen this schedule before?

19 A I have.

20 Q What is this?

21 A This is the counter proposal from Fieldwood on what
22 they would propose for the SOP activity schedule which we
23 received after we had proposed it a schedule to them at
24 Fieldwood.

25 Q So if this were the schedule, would it be your role to

1 execute this plan?

2 A It would. Working with the facility, managing what we
3 need to get done for both the installation and the
4 installation teams that are working this as well as the
5 facility operations for start up.

6 Q Does this schedule give you any concerns?

7 A It does. The fact that you're installing the jumper
8 and commencing production within the month of April. I
9 think this one is a little more -- leaves a little leeway.
10 Because that's within a month which this is typical of what
11 BSEE would get in their SOP or at least what they have as
12 their requirements is not a month and a day that we had.

13 So to assume that both of those April things could
14 happen as Fieldwood expressed that both of those would
15 happen in April first to fifth, I would have concerns over.

16 Q Is there anything missing from this proposal?

17 A The big -- the piece that's missing for me, there's a
18 line -- the second line the host facility updates ready at
19 the commissioning. I believe they're teeing off of what
20 we're doing for the tree commissioning of the system.

21 There are a number of other management of change,
22 hazard reviews, start up assurance reviews and the pre-start
23 up safety issues as well as developing the updated operating
24 procedures. The SOPs, we call them, done in the suspension
25 to operate this well.

1 And I don't see room in here to get those updated in
2 the operators chain to actually start this well up.

3 Q Is that a safety issue?

4 A Absolutely. It's a challenge enough with -- Na Kika is
5 busy as it is. To try and get the operators off the review,
6 but to try and feel like we would be forced to meet a
7 timeline within a week of having a jumper installed and
8 getting all of those reviews, the operator training,
9 assessment done. Within the first week of April is not
10 realistic.

11 Q Does this schedule, in your estimation, also require
12 that everything go perfectly or close there to?

13 MR. GENENDER: Objection, leading Your Honor.

14 THE COURT: Sustained.

15 BY MR. STARK:

16 Q In your estimation does this schedule leave any
17 flexibility unforeseen events such as COVID, equipment
18 delays, things of that nature?

19 A It definitely doesn't leave room for COVID. In our
20 experience, COVID doesn't come in small batches particularly
21 with the -- our platforms. We're currently operating on a
22 28 days hitch in rotation.

23 So if you were to have an exposure that infects part of
24 that platform, it's a pretty long duration before you can
25 get the next hitch out there and get the folks that are out

1 there quarantined.

2 I would say even weather for this. The operations in
3 February and March are a typical month where we get, you
4 know, cool fronts coming through and 15 to 20 foot seas is
5 not where you going to be installing jumpers.

6 And I think Bank had a fair assessment that allowing at
7 least seven days with the kind of vessel that we have is a
8 fair weather assessment. But I don't believe this includes
9 that.

10 Q Are you involved in any of the permitting in connection
11 with this project?

12 A Yes. Again the team -- I basically lead the team to
13 make sure the permits that we have, we recognize, you know,
14 the timing of those, the criticality of when we needed to
15 get those submitted and also working with our regulatory
16 team and engaging BSEE to look for how to we actually
17 expedite.

18 Q How many permits are necessary for this project?

19 A So Fieldwood will at least have -- and there maybe
20 others. So, I think this is one of the pieces I explained
21 to Fieldwood back in December, January, Keith Rusta, to
22 compare our notes to make sure we're clear on some of the
23 I'd say field wide things, like a D-wap and a DOCD might
24 have updates.

25 While they might be minor updates, we need to make sure

1 we're addressing those while we're not putting the LSPS
2 future remediation at risk as well. But it's -- they had
3 their lease term, pipeline permit which they indicated they
4 submitted earlier in January.

5 And same as we did yesterday, they submitted their
6 jumper decommissioning permit. BP also has a corrective
7 action plan that we maintain with BSEE because of the
8 anomaly or the impairment on the segment of the lines
9 between Santiago and Santa Cruz.

10 We continue to update BSEE with our plans for what is
11 the near term and long term remediation. And that was
12 submitted from BP yesterday as well.

13 Q Has BP submitted for all of the permits that it needs
14 to at this time?

15 A No, there are two more minor updates which require
16 other information that will feed into our safety flow
17 diagram as well as a commingling permit. Essentially the
18 commingling permit could be submitted once we get
19 confirmation on Fieldwood has provided a segment number.

20 Once we're comfortable that that segment number and the
21 information in that lease term application is solid, we can
22 submit that. It's a short turn around because it's just an
23 update to an existing document. Same with the safety flow
24 diagrams.

25 Q For the permits that BP has already submitted, what's

1 the traditional turn around time in your experience?

2 A So we've had a range of experiences with BP even in the
3 last year partly due to some mammal and acoustic
4 requirements with mammals and leak requirements and leak
5 testing.

6 For jumper decommissioning, we've had experiences up to
7 two months and we've had it as short as a couple of weeks.
8 This one we've kind of taken an overview that we would be
9 able to -- we feel we would get this permit approved in
10 three to four weeks and that includes some contingencies.

11 Q Three to four weeks would put us at the end of February
12 or into March, correct?

13 A Correct. It is possible that they would come earlier.
14 We are scheduling another follow up meeting with BSEE to
15 talk through this. And look what we need to do to expedite
16 between the BSEE pipeline office and the regional office as
17 well for these.

18 (Pause in the proceedings.)

19 MR. STARK: Rachel, can you pull up Exhibit 24,
20 please?

21 (Pause in the proceedings.)

22 BY MR. STARK:

23 Q Are you familiar with Exhibit 24?

24 A Yes, I created this.

25 Q What is different about BP's schedule such as it

1 requires an additional -- I'm not much for math. Let's call
2 it 50 days to get Genovesa online?

3 A So our -- again it depends on -- I don't know what
4 dates Fieldwood has in their proposal because it goes to
5 just months. If you look at the dates we currently have for
6 the Genovesa, the host facility, jumper recovery and
7 Genovesa reinstallation they're all in the same month
8 between the two timelines.

9 The only difference is that we've added the step that
10 we call the host facility readiness, which is the operation
11 procedures and has ops which all feed into our safety flow
12 diagrams and how we're going to start up the wells before we
13 actually get to opening up and starting up production for
14 ramp up.

15 Q Why does that take so long and I guess at the same
16 time, why can't that be moved up into February?

17 A So we are starting in February with some of those
18 activities. So for instance right now, some of our key
19 participants we would have in hazad op update. They're
20 unavailable because the Na Kika's based operations going
21 through a re-assessment, re-validation of the hazard op for
22 the facility in all the sub-sea.

23 So some of the key folks that we would need are just
24 not available for this. We -- you know, there's other parts
25 of these that we are doing. So if Fieldwood will develop

1 their updated SOPs and we are scheduling and planning the
2 review process for those with our contractor Wood and then
3 with the BP personnel in our team to make sure that we get
4 the procedures themselves before we actually pull in all the
5 operators in from offshore to do the views, the assessments
6 and the training.

7 Q Did you hear testimony earlier this evening about the
8 idea that if Manuel came on line before Genovesa it would
9 drain the reservoir?

10 A I did here that.

11 Q If Manuel came on line one, two, maybe even three
12 months before Genovesa, would it drain the reservoir?

13 A You wouldn't gain enough production to drain the
14 reservoir. I think they are competing potentially from what
15 I understand. But whether it's five days or a month of
16 production between two different pieces on a well that you'd
17 expect, I would guess, you expect to last for five years I
18 don't think you would see much of a difference in the
19 reservoir pressure. But not my area of expertise. I'm a
20 sub-sea. Relatively short duration, limited production.

21 Q Thank you.

22 MR. STARK: Pass the witness.

23 THE COURT: Thank you. Mr. Redding, Mr. Bhat's
24 said that it would only take, I believe, two pressure caps.
25 You're saying it takes four pressure caps. Can you explain

1 to me what that -- how you understand that difference to
2 arise? I'm just trying to get a better understanding of the
3 pressure cap requirement.

4 THE WITNESS: So each time you remove a jumper
5 there's two ends. Each one of those ends you've got to
6 cover up and put a barrier there. So, you would need -- so
7 when you pull the Genovesa jumper, you need a trendsetter
8 and a One Subsea cap to put in its place.

9 I don't know when Mr. Bhat was referring to the
10 one cap whether he would intend to leave one of those open
11 the environment and not have a barrier or whether he was
12 just referring to the Genovesa cap that they owned and he
13 did mention they would get others from that they would from
14 potentially other operators. But you need two for each
15 jumper.

16 THE COURT: Two for each jumper you're removing or
17 two for the new jumper?

18 THE WITNESS: You need -- when you remove one
19 jumper, you need two. So the Genovesa you need one
20 trendsetter and One Subsea cap and then we will use the cap
21 that we install there to flush our jumper into the roger
22 flow line section which enables us to remove the Santiago
23 flow line jumper.

24 And to replace that you need two tested barriers,
25 you need two caps there. So, there's three of the One

1 Subsea caps and one of the trendsetter cap that will be
2 needed until the replacement jumper is built. Equals four.

3 THE COURT: It sounds to me like that there were
4 two critical path issues in your testimony.

5 THE WITNESS: Yes.

6 THE COURT: One -- and I don't have this actually
7 all drawn out, but one sounds like delivery of sufficient
8 number of pressure caps. And another sounds like
9 permitting.

10 And that if those two things could be accelerated
11 to earlier dates, that the whole schedule would then be
12 completed earlier because those are your two delays in the
13 critical path.

14 Am I right about that or am I not understanding
15 your testimony correctly?

16 THE WITNESS: You could potentially accelerate so
17 there's three things for these kinds of mobilization. So
18 you need the equipment, you need the procedures and
19 personnel all in risk assessment, and then you need vessel
20 readiness.

21 Currently we are working on that vessel readiness
22 for the last week of February as a contingency and it could
23 move that forward up to a week.

24 THE COURT: But if -- again I'm trying to absorb
25 your testimony. Let's assume that the critical path was the

1 caps. If Fieldwood delivered you caps tomorrow would your
2 whole schedule then move to an earlier date or am I
3 misunderstanding your testimony?

4 THE WITNESS: It would move to an earlier date
5 pending the availability of the procedures and the vessel
6 readiness as well. It would not -- if they gave us caps
7 tomorrow, it would not accelerate 26 days. It may come
8 forward five or seven days is my estimation based on the
9 knowledge of the other equipment that we need both from
10 Fieldwood and the technician agreement that we'll need in
11 place as well as commercial agreements to access each others
12 equipment.

13 THE COURT: All right, thank you. Mr. Genender?

14 MR. GENENDER: Thank you, Your Honor.

15 CROSS-EXAMINATION OF CRAIG REDDING

16 BY MR. GENENDER:

17 Q Good evening Mr. Redding, how are you doing?

18 A Well fine, sir. How about yourself?

19 Q I'm doing well, thank you. So you work -- you knew
20 Mr. Bhat when he worked at BP, didn't you?

21 A I did not personally know Mr. Bhat, no.

22 Q How long have you worked with him since he's been at
23 Fieldwood?

24 A I was introduced to Mr. Bhat it must have been
25 somewhere around September when I started engaging on the

1 diagnostic work. Somewhere August, September.

2 Q Now, you went through -- you were asked a number of
3 questions about scheduling and when things could be done in
4 April, May or otherwise. Those all assumed that BP was the
5 operator, right?

6 A Correct.

7 Q Why not let Fieldwood be the operator and then BP
8 operate to support and cooperate with Fieldwood and let
9 Fieldwood then do its best to bring this well on line by
10 April 5th?

11 A So I don't believe that Fieldwood has an acceleration
12 timing. We've talked about schedules provided to us with --
13 in our weekly calls and none of the schedules you've
14 provided show that you have the equipment or the
15 availability to do some of this any faster.

16 Q Did you hear Mr. Bhat's testimony today?

17 A I did.

18 Q Did you hear him talk about equipment?

19 A I did.

20 Q And did you hear him talk about caps?

21 A He has inquired with others to -- and I don't know that
22 he's got four. He's said he has one.

23 Q Okay, did you hear his testimony that he can get more?

24 A Yes, that's a possibility. Yes, I did hear his
25 testimony.

1 Q Do you take him at his word?

2 A I do. But we have asked whether Fieldwood could
3 support us by getting caps earlier back in January and the
4 answer was no, that the one that they had removed was the
5 only one they had access to at that time.

6 Q You were asked questions about the schedule that you
7 prepared that showed the May 31 date to bring Genovesa
8 online. That's a schedule that -- you prepared that, right?

9 A Correct.

10 Q And you prepared that to be attached to an SOP, right?

11 A I prepared that as a proposal for you guys as a series
12 of clearly what the BSEE called deadline it's not the
13 earliest possible dates. It's like I would call the P50 as
14 I don't want to promise or commit to what BSEE has as a
15 required SOP deadline which -- and so we actually have some
16 of that contingency there, yes.

17 Q Are you aware that BSEE requires a schedule that's
18 submitted to be months year as opposed to a specific day and
19 a month? Are you aware of that?

20 A Yes.

21 Q So your schedule actually doesn't comply with how BSEE
22 would want it because it has specific pinpoint dates within
23 February, March, April and May, right?

24 A Correct, but we're not submitting the SOP. We're
25 suggesting dates for you. That's what you asked for.

1 Q Well, wasn't that a schedule that you wanted -- excuse
2 me. Are you taking the position that's not a schedule that
3 was provided to Fieldwood to attach to Fieldwood's SOP?

4 A It was a schedule that we provided based on a series of
5 milestones we thought we could meet and then Fieldwood would
6 need to meet the SOP requirement.

7 Q Okay, so when Fieldwood says April 20 -- April 4/21 I
8 should say, that means some date in April, right on an SOP
9 schedule right?

10 A Correct.

11 Q And when you're dealing with an SOP, your dealing with
12 a situation in which a well is not brought online by April
13 5th, right?

14 A Yes.

15 Q Do you want the well to be brought online by April 5th,
16 sir?

17 A Absolutely. I'd like to get -- you know BP has value
18 in production from any of these assets as long as we can do
19 so safely.

20 Q BP doesn't have ownership in the Genovesa well, does
21 it?

22 A We don't have ownership in the well, but we do have --
23 it is a source of income for us this year.

24 Q Now, are you aware that in early November of 2020
25 Fieldwood provided BP a schedule to do the single flow line

1 option?

2 A Yes.

3 Q And are you aware that a schedule was provided in
4 earlier January that showed a six to eight week period of
5 time to the single flow line option?

6 A I am aware, yes.

7 Q Yeah. And BP didn't provide a schedule to Fieldwood
8 until January 28th, within an hour of our first status
9 hearing before Judge Isgur. Are you aware of that?

10 A For your SOP request but we did provide schedules in
11 the December and January co-owner meetings as well as in a
12 review of the schedule with Bank on December 18th. Friday
13 afternoon where we provided lots of feedback for gaps in the
14 Fieldwood schedule and they were going to address.

15 Q And you heard the testimony earlier from your colleague
16 about the October 2020 co-owners meeting in which is was
17 represented -- an option was represented whereby Isabella
18 could come online Q4 and Genovesa would come online Q1 of
19 2021. Do you recall that testimony?

20 A I do yes.

21 Q Were you at that meeting?

22 A Yes. I believe I presented that -- they introduced
23 that slide.

24 Q Okay and did you believe it was true at the time you
25 presented it?

1 A It was best estimate we had based on the knowledge in
2 October where we thought maybe an opportunity depending on
3 when we found what the leak source was and how we would
4 remediate, yes.

5 Q So you believed it was accurate when you presented it,
6 right, to the best of your knowledge?

7 A Yes.

8 Q Thank you. When was the -- when was the leak in the
9 LL -- in the loop system when was that leak -- when did you
10 first learn about it?

11 A The leak in the system I learned about it sometime
12 around July 4th, July 7th. Somewhere right after July 4th.

13 Q Of what year?

14 A This year.

15 Q Well, not this year. We haven't had that date yet.

16 A Oh, sorry 2020. Sorry, yes July 4, 2020 when we were
17 performing dead oil operations is the first time we saw
18 production leaking from that.

19 Q Do you know -- when was the first time you suspected
20 there was a leak in the loop system?

21 A April, 2020.

22 Q Of what year? Okay. Have you heard anyone else at BP
23 to have known of the leak in the loop system prior to April
24 of 2020?

25 A No. Not --

1 Q Have you heard anyone mention -- go ahead, please.

2 A So not in April. We realized later in July that there
3 were some anomalies that could have been ingress prior to
4 the 2020.

5 Q Are you aware of anyone at BP knowing of the anomaly
6 prior to April of 2020?

7 A No.

8 Q What has BP done to advance Genovesa coming online
9 since January 28th?

10 A January 28th, we've continued to work on developing an
11 integrated schedule which is kind of the first step in
12 managing the project change. As well as working without
13 vendor, Sea Innovation. As well as One Subsea to progress
14 the pressure caps and the mobilization for this.

15 As well as what we're doing on the start-up assurance
16 readiness. So we revamped and updated last Thursday with
17 Fieldwood to review all of what might be changing or needs
18 to be updated to provide the startup assurance process.

19 Q What was done on Friday, the 29th by BP?

20 A I can't recall. I'd have to look at the schedule for
21 what we had those dates.

22 Q What was done on Saturday or Sunday, this past weekend,
23 the 30th and 31st to advance Genovesa coming online?

24 A This Saturday?

25 Q Yeah, what --

1 A One Subsea was working on their equipment is all I'm
2 aware of for the weekend.

3 Q Is BP committed to working 24/7 to bring this well
4 online?

5 A I don't think that any of our projects -- unless
6 there's life, limb and environmental leakage -- where we
7 operate on a 24/7 basis with ship work and engineers around
8 the clock and through the weekend. No, that is not out
9 plan.

10 Q How are you able to meet your target to get Isabella
11 online in Q4, but you can't meet the target to get your Q1
12 2021 target to get Genovesa online?

13 A So Isabella was a very different start up. It did not
14 require retrieving any subsea activity to be offshore in the
15 field. It didn't require revalidation of a full haz op of a
16 loop system or permits for removing or requesting new flow
17 line segments.

18 Q Are you willing to try and do everything in BP's power
19 to bring this well online by April 5th?

20 A We are working with our team and the vessel contractors
21 and vendors to do everything we can to bring this in. And
22 we're working with Fieldwood to generate what we think is a
23 pragmatic schedule that addresses the risks to identify what
24 the real opportunity is there and bring it on as soon as
25 practical in a safe way.

1 Q Okay, have you ever raised the safety issue with BP, I
2 mean, excuse me, with Fieldwood?

3 A Not with Fieldwood, no.

4 Q Okay, thank you. You have not raised the safety issue
5 with Fieldwood prior to your testimony today; is that right?

6 A Not on -- no, not with Fieldwood.

7 Q Thank you, sir.

8 When is Manuel supposed to come online?

9 A I don't know when it was supposed to come online or
10 when it is. I'm not involved in the Manuel project nor do I
11 schedule my activities related to any Manuel activity.

12 THE COURT: So let me ask. Are you telling me
13 that Manuel does not get priority over Genovesa?

14 THE WITNESS: So, I'm not involved in the
15 commercial agreements on this. But as I'm scheduling the
16 technical work that we're performing with both One Subsea
17 and Sea Innovation, there's no interface on this with
18 Manuel.

19 As a matter of fact, if you look at some of the
20 activities that we're doing offshore, we are still
21 maintaining to do your tree commissioning in mid-February.
22 We've got our slot and we're holding to that.

23 We were able to complete your software uploads and
24 updates a week ago for you guys, in addition to what we have
25 for Manuel.

1 THE COURT: No, I mean the prior witness said that
2 you were giving -- not that you personally, but that BP was
3 giving priority under the agreement to Manuel rather than to
4 this project.

5 And I think I hear you telling me you're the guy
6 out doing it and you're not giving that priority. And I
7 just want to understand if I follow you right.

8 THE WITNESS: I would say that's correct. I think
9 one of the challenges with this project is being a late
10 change as we're getting a schedule. And we're trying to get
11 activity planned. Right now we are within -- what we've got
12 a six and 12 basis -- so within 12 weeks we schedule
13 activity.

14 So you would look and see that my placeholder
15 forecast a mid-April date currently with the facility.
16 Because I can try to hold that date within the processes we
17 have. I don't know when Manuel is. I don't ask that when
18 I'm asking for those dates.

19 THE COURT: Thank you, sir.

20 Go ahead Mr. Genender.

21 MR. GENENDER: Can we pull up -- thank you, Your
22 Honor. Can we pull up, Erin what -- let me get you the
23 number. Bear with me. 834-9, please.

24 Your Honor, is Ms. Choi the presenter, I hope.

25 UNKNOWN MALE: I apologize, Your Honor. I even

1 have a sign on the door.

2 THE COURT: Sorry, I didn't hear that. I'm
3 looking for Ms. Choi, I'm not seeing her. There she is.
4 Got her. All right, Ms. Choi is the presenter.

5 MR. GENENDER: Thank you. 834-9, Erin. Thank
6 you. All right, if we can go to the next page.

7 BY MR. GENENDER:

8 Q Mr. Redding have you seen this letter before,
9 November 3rd, 2020 letter from Fieldwood to BP attention
10 Jordan Janic (phonetic)?

11 A Yes.

12 Q All right. And --

13 A It had a schedule with it.

14 Q And it does have a schedule -- did you say it does have
15 a schedule with it?

16 A Yes. That's the one I recall, yes.

17 Q Yes it has a schedule with it. And do you recall when,
18 if ever, BP responded to this letter and this schedule?

19 A I don't know if -- when we firmly responded. And we
20 talked about it in our technical meetings. Not in detail
21 and, you know, in our weekly meetings.

22 I think the first time I went through a detailed
23 schedule with Bank was December 18th. That was the first
24 time outside of these agreements I had received that
25 detailed schedule.

1 Q Okay and if we can go -- and you recall this letter
2 actually attaches some of the diagrams that Mr. Bhat
3 testified to. If we can go to --

4 A Sure.

5 Q -- the first page after the signature, Erin. Yeah do
6 you recognize that as the same diagram Mr. Bhat was
7 testifying about this afternoon? It felt like this morning.

8 A Yeah it looks like without some of the boxes he had,
9 but maybe yeah. I'm familiar with the layout.

10 Q Yes and then you see there's a schedule -- there are
11 schedules throughout as you referenced. Do you recall that
12 in this document?

13 A I remember a Microsoft project view of a schedule that
14 was attached if this is the same.

15 Q Yeah.

16 MR. GENENDER: Erin, if we can get to the page
17 that says, "Genovesa single flow line detailed schedule."
18 If you can just scroll down I'll let you know when we get
19 there. I don't have the ECF page Erin, I'm sorry. Keep
20 going. It's a horizontal page.

21 There we go. There we go. Okay.

22 BY MR. GENENDER:

23 Q Are you able to -- do you recognize that -- thank you.
24 Thank you so much.

25 Mr. Redding, do you -- is this the schedule you're

1 referring to?

2 A I remember seeing this schedule with it. This was not
3 what was provided in December.

4 Q Okay, this was what actually was provided on November
5 3rd, wasn't it?

6 A Yes.

7 Q And it talks about something starting -- it talks about
8 a completion -- Genovesa start up happening around February
9 10th, doesn't it? If you look lower right, Genovesa start
10 up.

11 A Yeah it does.

12 Q Okay. February 11th, I should say. Do you see that?

13 A Yeah.

14 Q It's a pretty detailed schedule isn't it?

15 A I would say it has some gaps, but yes there's a fair
16 bit of detail focused on the -- only the jumper activities
17 but none of the operational updates and haz ops and start up
18 assurance activities that.

19 Q So, Mr. Redding, what exactly has BP done since
20 November 3rd to today to move this project along?

21 A So, our --

22 Q It doesn't appear -- because it doesn't appear very
23 much.

24 A Well I'm going to disagree.

25 THE COURT: I'm going to strike the comment. Hold

1 on.

2 Mr. Genender, ask him a question. Don't make a
3 comment like that.

4 MR. GENENDER: Sure. Okay, Your Honor.

5 BY MR. GENENDER:

6 Q Mr. Redding, what exactly has BP done since November
7 3rd until today to bring Genovesa online?

8 A So our focus was to re-establish loop. At this time,
9 when this proposal was offered, I don't recall the date. It
10 was sometime early November, you'll see the start date for
11 moving forward in this proposal was before we had actually
12 finalized and understood what the leak mechanism was for the
13 LSPS and whether or not we could fix that or whether it was
14 going to be a major repair.

15 We did not have that data at the time. Our focus
16 through November was to find the leak location. Try to
17 remediate to establish the loop and you guys agreed with us
18 on that in December.

19 That was our focus, not feasibility.

20 Q Thank you, sir. This letter -- this November 3rd
21 letter was sometime after you'd already -- you had already,
22 you personally had already presented and said that Genovesa
23 presented an option where Genovesa comes Q1 of 21.

24 A That is correct. Yes there was an asterisks in my
25 concept selection that said the schedule and the cost plus

1 or minus 25 percent.

2 And so 1Q could be 2Q when you consider the schedule
3 contingency there with 25 percent.

4 Q It also could be January, couldn't it?

5 A It could, yes. It all depended on what the start date.

6 Q And you promised -- you committed to Fieldwood to do a
7 parallel path, didn't you?

8 A We offered it as an option and we looked at what that
9 option would then entail relative to the -- what we were
10 perusing for the leak remediation (indiscernible). And in
11 December I believe you guys and us agreed that the decision
12 path on feasibility on whether or not that option was even
13 feasible would be decided after you performed your flow
14 assurance analysis which completed December 28th with Rev
15 Sea of your flow assurance report.

16 MR. GENENDER: If we can put up -- can we put up
17 the demonstrative, please Erin? First page of the
18 comparable timelines please.

19 (Pause in the proceedings.)

20 BY MR. GENENDER:

21 Q All right. So would you agree, Mr. Redding, with this
22 demonstrative on the right hand column is consist with
23 Exhibit 24 that your counsel showed you those dates?

24 A Correct.

25 Q Okay and I believe you testified that you agreed with

1 Mr. Bhat that there is some cushion on the deadline between
2 BP jumper recovery and Genovesa jumper reinstallation,
3 right?

4 A As I assembled that schedule, yes. But as I think I
5 also testified, the cap availability is currently the
6 critical path. Which is looking like the pressure cap
7 itself would be critical path to end of February, first of
8 March.

9 Q Okay. And as Judge Isgur asked you, if Fieldwood gets
10 you the pressure caps that you need, that issue -- that's
11 not a -- that's no longer an impediment, is it?

12 A That's correct. We would move to what the next
13 critical path would be.

14 Q And you don't need a month between BP jumper recovery
15 and Genovesa jumper reinstallation, do you?

16 A Well, you may. Depending on your fabrication and the
17 reinstallation of that and the weather window and vessel for
18 that second mobilization.

19 Q Because you'd agree with me that when you get through
20 BP jumper recovery Santiago flow line, that the two dates
21 aren't that far apart. They're nine days apart, right?

22 A Yeah. I think once you've finished the Santiago flow
23 line jumper recovery, you've got 10 days of fabrication time
24 is what you guys had indicated to us previously. Then we
25 built into our schedule and then we've got a jumper

1 installation and the leak testing and we've got some weather
2 contingency built into that. That's what makes up the
3 month.

4 Q Okay. So -- but you'd agree with me that at one point
5 with a line that says, "BP jumper recovery, Santiago flow
6 line" the two -- your timeline and Fieldwood's are only nine
7 days apart, right?

8 A It appears, yes.

9 Q Okay. And if you carried those nine days later for
10 each one of the remaining Fieldwood deadlines and you added
11 it to March 26th, you'd still have this done by April 5th,
12 wouldn't you?

13 A I don't follow. So nine days from --

14 Q So Fieldwood is saying it can have the well online 20
15 days after the BP jumper recovery of Santiago flow line is
16 done. And if you took 20 -- if you took the same 20 days it
17 would be April 4th, wouldn't it?

18 A It would.

19 Q Thank you, sir.

20 MR. GENENDER: I'll pass the witness.

21 EXAMINATION OF CRAIG REDDING

22 BY THE COURT: Mr. Redding, I'm going to go back
23 to the critical path for a minute to get a better
24 understanding. Can we leave that chart up for a minute?

25 (Pause in the proceedings.)

1 THE COURT: Would you talk to me about why
2 fabrication needs to wait until the current jumpers are
3 removed rather than the fabrication starting right away?

4 THE WITNESS: So there's a risk that -- you could
5 take a risk of whether or not you can install if you did it
6 sooner. But I think as Mr. Bhat had even mentioned, that
7 when we our jumper, we take a scan -- a detailed scan of
8 those measurements between their jumper and ours.

9 Takes into account any flow line movement and
10 that's what you would make your final fabrication welds. So
11 they would be three welds they should be making after they
12 get those measurements and the analysis that you update for
13 that. That's what makes it 10 days,

14 THE COURT: So, would you start the fabrication
15 and then do those final minor measurements?

16 THE WITNESS: Yes.

17 THE COURT: And of course that's in both of your
18 different paths here was fabrication would have started much
19 earlier. That's the finished fabrication.

20 THE WITNESS: Absolutely a must, yes. I think
21 there may be somewhere on the order of ten welds or more
22 that you'd have with all the elbows and things to make up
23 this jumper. And so you wait for those, what we call the
24 final fabrication.

25 So you pre-fabricate the jumper and with the

1 measurements -- what we call metrology -- then you do your
2 final analysis and welding.

3 THE COURT: And I think you discussed this with
4 your lawyer earlier. But I'm also looking at the -- all the
5 safety issues on the host facility. And I heard you say
6 that you can't do the very final ones until you've actually
7 connected. I believe you've told me that.

8 THE WITNESS: Yes.

9 THE COURT: Why can't the vast majority of the
10 host facility readiness work -- start now? In other words,
11 all the documentation and all the procedures being designed
12 and an awful lot of the training. Why does that wait and
13 not really start until April 15th? I'm not following that
14 and I need a better understanding of it.

15 THE WITNESS: Yeah, it doesn't wait. So, Your
16 Honor, we have with Fieldwood throughout December a number
17 of the documents. We create what's called a MDR, a master
18 document register.

19 We work with Fieldwood to come up with a smart way
20 to streamline the documents for this. In case this
21 operation were to go forward, that we would have documents
22 for this single flow line operation without having to redo
23 all the documents they had already submitted as part of
24 their normal tie-ins.

25 So we have been working with them to progress that

1 as part of the feasibility through December and working to
2 get and receive and distribute those documents in January.

3 THE COURT: And what's the 30 days then for?

4 THE WITNESS: So part of this is contingency as
5 well with schedule of ramp up. So right now we're outside
6 of a 12 week window for planning some of these activities.
7 We will need to make sure we've got operator training, our
8 SOP updates, the review to those SOP updates.

9 We have to revalidate our haz op again with the
10 changes we're making to this facility through our -- what we
11 call our MOC process. And so each of those has some
12 duration associated with them that we got into the schedule.

13 And currently based on our start up assurance
14 process we've kind of reviewed with Fieldwood what changes
15 and what doesn't. And this is all an estimate at this
16 point, but it's based on our experience with these types of
17 documents and where we would be able to plan the startup and
18 people that would be out for that start up in the September
19 or April, May time frame. Sorry.

20 THE COURT: All right. Thank you. Mr. Stark?

21 MR. STARK: Thank you, Your Honor.

22 REDIRECT EXAMINATION OF CRAIG REDDING

23 BY MR. STARK:

24 Q Mr. Redding, I know this is not a fair question, but
25 I'll ask it anyway. Can you list from start to finish

1 everything BP has done to get this well online?

2 A You're right it's not a fair question without me going
3 back through with the team that we worked. So things that
4 we did focus on is coming up with a more straightforward and
5 simplified way in December, right.

6 So if Fieldwood in the original proposals when we were
7 considering this concept in October and November we were
8 finding challenges with LDHI that were almost going to make
9 this impractical.

10 And when we shared that, the ability for Fieldwood to
11 operate this well with LDHI like we do some other wells,
12 both Fieldwood and us came to an understanding and agreement
13 that we could operate within a water limit to run methanol.

14 So that was huge because it doesn't require changing
15 tubes outside or subsea that might or installing a new LDHI
16 which could take many months more than the current schedule.

17 So that was one kind of optimization piece that we
18 worked on with Fieldwood as well as the documentation to
19 stream line how they could come up with a clean set of
20 documentation that we could easily reverse out if we found
21 that the remediation worked.

22 Further to that, we assigned an additional project
23 manager focused on just the jumper change out. So the
24 project manager that reports to me that's been managing the
25 Genovesa broader project activities for the last -- more

1 than a year, Michael Winslow.

2 I added another project manager from IT to deprioritize
3 what he's working on in the near term to come and manage
4 directly the vessel and the readiness for the vessel
5 campaign. So that Michael can focus on the overall
6 schedule, the operations readiness as well as what
7 Mr. Hermanson (phonetic) would be doing to drive the
8 procedures with our installation vessel team.

9 So we continued to work those. We've had reviews with
10 our internal groups to test how efficient we can be with
11 MOC's as we develop this schedule and share this schedule
12 with Fieldwood.

13 The deterministic view is going to continue to change
14 every day. No schedule is right until the work is done.
15 It's unfortunate but -- so we work off of estimations and
16 within our six and 12 process for scheduling work, I think
17 it's key to get placeholders on that schedule as soon as we
18 can.

19 Now, which we have done, as a tentative placeholder
20 until we actually get all the documentation and requirements
21 upfront to get within that six week or the two week window
22 to get the agreement from the APM that owns the priority of
23 all of this.

24 I think, you know, further than that, you know, we
25 continue to be open and collaborative with Bank, Troy and

1 Anne McDonald in sharing -- particularly up through the last
2 week -- you know, what our estimation is on schedule, what
3 our risks are. And they've been very collaborative in
4 addressing how we would close some of those issues out.

5 And a lot of those you don't see on these schedules,
6 so.

7 Q Thank you, sir.

8 MR. STARK: Pass the witness.

9 THE COURT: Thank you. Mr. Genender?

10 MR. GENENDER: Thank you, Your Honor.

11 RECROSS-EXAMINATION OF CRAIG REDDING

12 BY MR. GENENDER:

13 Q You were asked everything that you've done to get
14 Genovesa online. But isn't it the case that you-all
15 prioritized Isabella to get it online Q1 even though --
16 right?

17 A So it wasn't a priority issue. It was a completely
18 different scope and a different team that was working that
19 to evaluate what they would do. But yes it did come online
20 in December. That was five months. We're looking at doing
21 this in four months.

22 Q Five months from when?

23 A Five months from when they started looking at, you
24 know, this issue that we found in July. And they did not
25 require having to deconstruct the loop or the loop

1 operations. And so it didn't require offshore activity to
2 remove jumpers like the Genovesa well would have.

3 Q So you're saying that -- sorry, go ahead. I didn't
4 mean to step on --

5 A I'd say at the same time we started to look at the long
6 term operations for Genovesa as well. Which we proposed in
7 the October meeting as a concept where not only would you be
8 down for two years, but there may be an opportunity for you
9 to get production while we're working to deliver the
10 equipment for the replacement project.

11 Q But Mr. Redding, you said you went five months for
12 Isabella. That's from July, I guess you said when you
13 learned of the leak to December. That leak that you learned
14 about effects Genovesa as well and your proposed schedule
15 April, May is 10 months later, isn't it?

16 A But the start date for my schedule in Genovesa we made
17 the decision that we would accept the feasibility that we
18 assessed in January. That was what was communicated and we
19 worked on this since October with you guys.

20 Q But you guys controlled -- you'd agree Mr. Redding that
21 BP controlled when it decided to finally submit a schedule
22 12 weeks out, like you said. You only look 12 weeks out.
23 But you guys -- it was your decision when to submit a
24 schedule to Fieldwood, right? That you would commit to?

25 A It was my decision -- not my decision, if I read that

1 right, when we would commit to a schedule. I think in
2 November our focus was to find the leak. In December it was
3 to try to remediate the leak and assess the feasibility of a
4 single flow line plan that we had proposed to you guys in
5 October.

6 Q Isn't it the case, Mr. Redding, that Fieldwood paid
7 \$500,000 -- took you up on your offer for a parallel path
8 and paid \$500,000 for, as part of that?

9 A Correct. There was a feasibility ASE assessment where
10 you guys authorized us to work on this feasibility work,
11 yes.

12 Q Yes. So you-all found the leak in July. We took you
13 up on the offer to do a parallel path and paid \$500,000 for
14 a single -- what was it called? A soul benefit ASE, right?

15 A We did in December, I think it was, yes.

16 Q Yes. And we didn't -- from December forward, it took
17 until January 28th when we brought -- came before this Court
18 to get a schedule from you-all, right?

19 A That's not true. So we reviewed schedule with you guys
20 December 18th. You had a schedule that had a number of
21 gaps. I reviewed that with Bank and provided feedback and
22 you guys were going to go remediate that.

23 There were linkages missing on permits. There were
24 missing opportunities with the operational procedures. All
25 of the, essentially start up assurance work you guys didn't

1 have in your schedules in November or December.

2 And I don't think you've got them in your schedule
3 today.

4 Q You're not opposed to letting Fieldwood operate this --
5 operate the single flow line option are you?

6 A I have some reservations based on the risk of what we
7 experienced in April. But I'm not completely opposed, no.
8 I think when you say operate to perform jumper change outs,
9 that is something we've talked about and considered what we
10 would use there.

11 MR. STARK: Pass the witness. Thank you, Your
12 Honor.

13 THE COURT: Thank you.

14 Mr. Skelton?

15 CROSS-EXAMINATION OF CRAIG REDDING

16 BY MR. SKELTON:

17 Q Yes, Mr. Redding you'll agree with me that its not the
18 responsibility of the parties like Fieldwood and my clients
19 -- Red Willow and HEDV -- to maintain the loop. That's
20 your -- that's BP's responsibility isn't it?

21 A It is.

22 Q All right. And you're aware aren't you that the real
23 root cause of the leak which has necessitated the shutting
24 down of the loop was hydrate formation?

25 A No.

1 Q Well, were you involved a presentation to the co-owners
2 on January 21st concerning LSPS investigation update?

3 A Yes.

4 Q And did not BP represent to my clients and Fieldwood
5 that internal hydrate formation in the sealing area, bonnet
6 and actuators, supports blockage only allows an ingress leak
7 until system is oils and melts the hydrate.

8 Did you have anything to do with that presentation?

9 A Yes.

10 Q And do you agree? Was that a factually correct
11 statement?

12 A So it's not the cause as I think -- I don't recall
13 specifically what the slide says. It's not the cause of the
14 leak. The cause of the leak is the bonnet field and about.

15 Q Is the statement I just read to you truthful or not?

16 A Could you read that again? I don't -- I was
17 participating in the presentation. I don't know what the
18 statement. Read that again, please.

19 Q Internal hydrate formation in the sealing area, (bonnet
20 and actuator) supports why blockage only allows an ingress
21 leak until sea system is hot oils. Hot oiled (melts the
22 hydrate.) Is that true or false?

23 A I'd say that hydrates can mask the leak or the ability
24 to see that leak, yes.

25 MR. SKELTON: Objection, non-responsive.

1 BY MR. SKELTON:

2 Q Is it true or false?

3 A It is not true that hydrates cause the leak.

4 Q Okay well then why would BP make the statement to the
5 other owners of the LSPS to that effect?

6 A So I don't know if you can bring up the slide. I
7 probably talked to the slide, I think, because of the leak
8 is a failure of a seal on a valve. That leak has been
9 masked over time by hydrates that can form when you get
10 water ingressing into the valve.

11 And then you get gas exposure which causes -- which
12 prevents the leak from occurring over time. So that's why
13 BP didn't recognize the leak previously.

14 Q Well, okay. But BP sure recognized the hydrate because
15 your presentation also includes photographs taken in May of
16 2019 showing "hydrate and insulation damage."

17 Why did BP wait from May 2019 to sometime in 2020 to
18 investigate and remediate this hydrate formation in the very
19 location where the leak has been determined to occur?

20 A So I don't think BP recognized or knew there was a leak
21 at that location. We did not -- it was -- operations in
22 April of 2020 when Fieldwood was disconnecting valves is
23 what drove us to go look for where the leak would be coming
24 from.

25 So it didn't -- I think what we explained in that

1 session with the co-owners that we had confirmed that
2 Fieldwood did not cause or exacerbate the leak. But you
3 enabled an anomaly that drove us to go and discover that
4 leak.

5 Q Well, certainly you'll agree that Fieldwood and the
6 other working interest owners I represent did not cause the
7 leak, did they?

8 A Correct. I think that's what I stated.

9 Q And the only reason that a single flow line plan is
10 necessary is because of a leak that was no -- not caused by
11 my clients or Fieldwood exist; isn't that correct?

12 A Correct.

13 Q And the reason the loop is shut down at least on the
14 side where my clients need to produce is because of the
15 leak?

16 A That is correct.

17 Q And the reason Isabella can produce on the other side
18 of the loop is because its production doesn't have to go
19 through the Plim that is leaking?

20 A Not specific just the Plim, but we have two isolation
21 and a monitor point between those two isolation. I think
22 Bank had also noted that you need to barriers. So we do
23 have those two barriers between the Plim that's impaired and
24 the Isabella Plim.

25 Q And isn't hydrate formations something that BP as LSPS

1 operator should be extremely diligent in identifying and
2 remediate?

3 A I guess I'm not sure what the question is there. Yes,
4 if there are hydrates we would remediate. Our flow
5 assurance strategy avoids that by allowing us the hot oil
6 circulation during any plan shut down or inadvertent shut
7 down within a period of time within the cool down period to
8 prevent hydrate formation in the loop. Which is why the
9 loop is so beneficial for all of us long term.

10 Q Okay and but that kind of begs this question. Why is
11 it that if your ROV down there 5,000 feet, 6,000 feet
12 underwater identified clear hydrate formation in the very
13 location where this leak is occurring. Why didn't BP do
14 anything about it?

15 A I can't speak to that --

16 THE COURT: Why is this relevant to what we're
17 doing, Mr. Skelton?

18 MR. SKELTON: It's relevant for a couple of
19 reasons. First of all, the rush -- this witness has
20 testified about 10 days, 15 days, 20 days. The reason we're
21 in such an all fired hurry here is because BP fell asleep at
22 the switch and didn't do what it was supposed to do.

23 This is nothing to do with any negligence or wrong
24 doing by the working interest owners.

25 THE COURT: That's not been an issue and by one

1 witness at any point in the day. This isn't relevant. Move
2 to something that is.

3 MR. SKELTON: I'll pass the witness, Your Honor.

4 THE COURT: Thank you.

5 Mr. Stark?

6 MR. STARK: Briefly, Your Honor.

7 FURTHER REDIRECT EXAMINATION OF CRAIG REDDING

8 BY MR. STARK:

9 Q When did BP identify the source of the leak?

10 A On or about November 14th.

11 Q So not in July, 2020, correct?

12 A No. In July we identified that there was a leak that
13 was occurring. It took several vessel mobilizations to
14 remove and find -- and pinpoint where and what was causing
15 it.

16 Q Why did it take several vessel mobilizations between
17 July and November to finally identify the source of the
18 leak?

19 A So I think first there was an opportunity for what we
20 thought would be -- I hate to say use the term low hanging
21 fruit where there was a known potential grease port that one
22 subsea has had with valves that they've been producing for
23 various operators. That we thought that that could be the
24 root cause.

25 So that was the initial focus. At the same time we

1 were testing out technologies to remove insulation subsea
2 and get to some of these ports and determine where the leak
3 was coming from.

4 It took several mobilizations to get the tooling we
5 needed to do those and then finally get to a place where
6 even in the final mobilization in November we had done a
7 pressure test and didn't see the leak until we actually
8 circulated the hot oil for a period of -- on the order of
9 two days to heat the system.

10 So it was very difficult to find the leak.

11 Q Thank you.

12 Did last year's unprecedented storm season delay any of
13 those efforts?

14 A Yes, yes. There were several times. If I remember
15 right, Labor Day weekend we had more in November as well.
16 With eight storms that affected our assets. Several of
17 those had changed. Especially mobilizations where we either
18 had delays or we couldn't get folks down to the dock side
19 because of flooding from a passing hurricane.

20 Q Even if an SOP application is submitted with a May 2021
21 date, will BP continue pushing to bring Genovese online?

22 A Absolutely. Everything that we can do. Again this is,
23 you know, value that we get from the PHA barrels and the --
24 when we're not flowing it doesn't produce anything for us,
25 so.

1 Q Thank you.

2 MR. STARK: I'll pass the witness.

3 THE COURT: Thank you, anything further for
4 Mr. Redding?

5 (No audible response.)

6 THE COURT: All right, thank you, Mr. Redding.

7 (Witness excused.)

8 THE COURT: Mr. Stark?

9 MR. STARK: Your Honor, can we take a brief
10 recess?

11 THE COURT: Yes, sir. How long do you need?

12 MR. STARK: 15 minutes, Your Honor.

13 THE COURT: Are you going to have more witnesses
14 or that what you're taking the recess to decide?

15 MR. STARK: That's what I'm trying to determine,
16 Your Honor.

17 THE COURT: All right. Let's come back at
18 9:00 o'clock. Thank you.

19 MR. STARK: Thank you, Your Honor.

20 MR. GENENDER: Thank you, Your Honor.

21 (Recess taken from 8:43 p.m. to 8:57 p.m.)

22 AFTER RECESS

23 THE COURT: All right. The system disconnected
24 itself, so I've tried to send a message to folks who are
25 watching the video that they can now reconnect. We'll give

1 it a minute for people to get reconnected. I think it does
2 that after six hours or something, so you all have been
3 going too long is the main thing this is.

4 (Pause in proceedings)

5 THE COURT: All right. I think we have all the
6 teams back on. I know that Mr. Stark is back on and
7 Mr. Genender is back on. Let's give it a minute or two.
8 When I came back, the phone had reset and all the lights had
9 turned off, but I decided we could probably continue with
10 the hearing anyway.

11 I think we are now back on. I assume you can see
12 on the screen the message for people to dial back on. Is
13 that right? Everybody can see that?

14 COUNSEL: Yes, Your Honor. Yes, Your Honor.

15 THE COURT: I think I see Mr. Dane still trying to
16 dial in. Mr. Dane, are you able to hear us and you're
17 playing a video game, which is fine?

18 All right. Mr. Stark, why don't you tell me what
19 we want to do next.

20 MR. STARK: No further witnesses, Your Honor. So,
21 at this time, I would offer our exhibits, which I believe
22 are 832-1 through 22 and 24 through 25.

23 THE COURT: All right. Mr. Genender?

24 MR. GENENDER: Well, I mean, first of all, Judge,
25 I'm going to go through those now quickly. One thing,

1 Judge, Ms. Choi pointed out that -- I don't know if we
2 formally said the words that 834-1 through 13 of ours were
3 admitted, even though there was no objection to them. I
4 just wanted to point that out for the Record.

5 THE COURT: They are admitted, I apologize if I
6 didn't say that.

7 (Exhibits Nos. 834-1 through 13 received in evidence.)

8 MR. GENENDER: Thank you, thank you.

9 Again, Judge, I'm going to do this very quickly.
10 Okay?

11 THE COURT: No, take your time. Let's take a look
12 at them.

13 MR. GENENDER: It's different.

14 (Pause in proceedings)

15 MR. GENENDER: 5 is already admitted, I know. I
16 should say yes.

17 (Pause in proceedings)

18 THE COURT: Mr. Redding, I saw you turned off your
19 camera. It would be helpful to me if you could stay on for
20 a few more moments, please. Thank you, sir.

21 (Pause in proceedings)

22 MR. GENENDER: Your Honor, I believe 15 -- and I
23 have 15, the defendant's --

24 THE COURT: I don't care about duplicates. I'd
25 rather admit things twice than worry about it.

1 MR. GENENDER: No. No, no, I know that. I know
2 -- sorry, Judge. I think it's one that I objected to, from
3 us.

4 MR. STARK: Judge -- Your Honor, I'll withdraw
5 that. I apologize.

6 MR. GENENDER: Thank you. That's okay, it's all
7 right.

8 (Pause in proceedings)

9 MR. GENENDER: No objection for 24. 25 is
10 hearsay, Your Honor.

11 THE COURT: Mr. Stark?

12 MR. GENENDER: I'm sorry, 832-24 is hearsay.

13 THE COURT: Oh, so you're not objecting to 25, but
14 you are objecting to 24?

15 MR. GENENDER: Well, it's ECF of 832-24, Biden
16 Administration, that's what I'm objecting to. But have a --
17 it seems to have an Exhibit 25 sticker on it? It's 832-24.

18 THE COURT: Got it.

19 Mr. Stark?

20 MR. GENENDER: Thank you.

21 MR. STARK: It's a publication, Your Honor, it's
22 self-authenticating.

23 THE COURT: It's a Bloomberg article. Tell me how
24 that's --

25 MR. STARK: Yes, Your Honor.

1 THE COURT: -- self-authenticating. How is that
2 self-authenticating?

3 MR. STARK: That's a publication under Rule 902, I
4 believe.

5 THE COURT: I don't believe so, but let me take a
6 look. 902 what?

7 (Pause in proceedings)

8 MR. GENENDER: Judge, that might authenticate, but
9 it doesn't change the fact it's hearsay.

10 MR. STARK: 902(6), newspapers and periodicals,
11 printed material purporting to be a newspaper or periodical,
12 Your Honor.

13 THE COURT: All right. I'll find it's authentic.
14 Why isn't it hearsay?

15 MR. STARK: Fair enough, Your Honor. We'll
16 withdraw it.

17 THE COURT: Thank you.

18 So, just to be clear, what we're admitting -- you
19 offered 832-24 and 25. There is no 832-25.

20 MR. STARK: Okay.

21 THE COURT: Were you offering 23 or not?

22 MR. STARK: I don't believe there's a 23, Your
23 Honor.

24 THE COURT: 832-23 is Exhibit Number 24 --

25 MR. STARK: Okay.

1 THE COURT: -- which is the SOP schedule.

2 MR. GENENDER: We object to that, too, Judge, on
3 (indiscernible).

4 THE COURT: Yeah, I just want to be sure that
5 Mr. Stark is offering the same things I think he's offering.

6 MR. STARK: Yeah. I apologize. Yes, Your Honor.

7 THE COURT: So tell me again. By eight -- in
8 terms of 832, starting with 1, are you offering 1 to 14, 16
9 to 22 and 23?

10 MR. STARK: Yes, that's correct, Your Honor.

11 THE COURT: All right. 832-1 to 14, 832-16 to 22,
12 and 832-24 is -- are each admitted.

13 (Exhibits 832-1 to 14, 832-16 to 22, and 832-23
14 received in evidence.)

15 THE COURT: Does anyone else have any evidence, or
16 are we going to close the evidentiary record?

17 (No verbal response)

18 THE COURT: All right.

19 MR. GENENDER: Your Honor, for the Debtors -- the
20 Debtor would close, of course.

21 THE COURT: Before I rule -- and I tried this
22 yesterday -- I continue to think that there is a commercial
23 solution that, if you're observing this from afar, it looks
24 pretty obvious to me. And I think that, either the parties
25 have decided, you know, to not try and get there, or I'm

1 missing something.

2 And this is why I wanted Mr. Redding to stay on.

3 And Mr. Redding, if you'll press five-star, I want you to be
4 free to talk when you want, if Mr. Stark lets you, and he
5 may tell you to keep your mouth shut. I'll leave that up to
6 you and Mr. Stark, as to how we do that.

7 I don't understand why, from a commercial point of
8 view -- and this can be in your closing arguments, about why
9 I'm missing something, if you want to -- BP and Fieldwood
10 don't agree that Fieldwood does the work, starting tomorrow,
11 if it wants to, so that it's in control of its own destiny,
12 but that for all of the work -- starting tomorrow and going
13 all the way up through the commencement of production --
14 that BP will have the right, but not the requirement, to
15 monitor any safety issues and to call a shutdown, if they
16 think there's a safety violation, just as they would on
17 their own project. And if there's a dispute about a safety
18 allegation, I'll hear it the same day. I'm not going to
19 leave you guys hanging out there.

20 But BP -- I mean, this -- I've got to tell you,
21 Mr. Redding is a witness who I believed an awful lot, a very
22 credible witness. And he even told me he doesn't really
23 have a problem with Fieldwood doing the work, it's just not
24 where things are heading and he doesn't think they'll be
25 able to do it better.

1 I think, from a commercial point of view, I
2 probably don't agree with Mr. Redding's conclusion, not out
3 of any lack of trust for what he's telling me. But this is
4 critically important to Fieldwood. They are willing to work
5 24/7 to get it done, they are willing to go scrounge the
6 earth to get pressure caps, and their motivations are just
7 different. And I don't see any downside of them doing the
8 work, so long as BP can call a safety halt. So I'm not
9 understanding why you all just haven't agreed to that as a
10 commercial resolution.

11 With all that said, I'll either let you all talk
12 about whether that's a commercial resolution, we'll just
13 proceed with closing arguments, and then I'll rule after the
14 closing arguments. It's not like I don't want to rule; I
15 just -- you guys don't have very much of a disagreement
16 here.

17 And you know, Mr. Redding thinks -- and I believe
18 him when he tells me this. If he thinks the probability of
19 getting this finished, if we leave BP in charge, is very
20 low, not nonexistent, but low -- 5 percent he said -- and
21 Fieldwood thinks it's, you know, 80 percent that they'll get
22 finished by this time frame -- and again, I think
23 Fieldwood's witness, Mr. Bhat, was a very credible witness.

24 And Mr. Redding doesn't distrust Fieldwood and I
25 don't distrust Mr. Redding. And so, if he gets to call

1 safety halts -- and I don't mean him, personally -- if his
2 people get to call safety halts, I don't see why we don't
3 put people where they're maximizing their economic position.

4 So that's my pitch as to I don't under -- maybe
5 this just means I don't really understand the dispute. If
6 you all want, I will simply call the shot at the end of the
7 day and say who wins and who loses. But I want to give you
8 all an opportunity for a commercial resolution before I get
9 there.

10 Am I missing something, Mr. Stark and
11 Mr. Genender?

12 MR. GENENDER: Your Honor, I don't think you are.
13 This is Paul Genender for the Record, for the Debtors. I
14 don't think you are. Again I think it's immaterial.

15 THE COURT: Mr. Stark, do you think I'm missing
16 something? Because, again, it's -- if I am, I really need
17 to understand it, just in terms of causing arguments,
18 because it means I missed some of the evidence in here.

19 MR. STARK: Your Honor, I think a major issue is
20 the agreement for the full restoration of the loop.
21 Currently, the loop is not operating as a loop; it's broken,
22 and it's operating as single wags. Under the way the
23 agreements are set up, BP alone cannot require restoration
24 of the loop. That would also require one of the other
25 owners to vote with BP.

1 The long-term restoration of the loop will, at
2 least for some period, require wells to be shut in, and BP
3 has a full expectation that, if the single flow line goes
4 forward without addressing the adverse impact, the loop will
5 remain forever broken, thereby damaging its value as a loop.

6 THE COURT: So, as I indicated yesterday, any
7 incremental costs I would require Fieldwood to bear. If
8 you're asking me to require them to bear costs that may not
9 be theirs to be borne under the agreements, then I'm not
10 prepared to do that. I'll just rule, if that's what I need
11 to do.

12 But in terms of requiring them to pay any
13 incremental costs from incorporating the single line, I
14 already said that I would require that.

15 But that may mean that there just isn't a deal,
16 and that's okay. So I should probably move to closing
17 arguments, unless people want to talk to their clients.

18 MR. STARK: I do think we're willing to have that
19 conversation, if Your Honor is willing to indulge
20 15 minutes, 20 minutes.

21 THE COURT: I'm willing to indulge however much
22 time you all want. I would like to find -- I seriously
23 believe that the parties are better off with a commercial
24 solution and not what I, you know, would rule one way or the
25 other. And you know, I -- nobody is going to be better off

1 with sort of the tight hands that you tie around the Judge,
2 when the Judge has to make a ruling. And it may be I
3 can't --

4 MR. STARK: I --

5 THE COURT: It may be I can't create a commercial
6 solution in a ruling, one way or the other.

7 And I think, Mr. Stark, I wore on my sleeve my
8 thoughts about your two primary witnesses, right? And I --
9 your first witness I don't think was telling me the truth.
10 And Mr. Redding I thought told me the truth every time he
11 got the opportunity. So it's not like that I'm not -- don't
12 -- it's -- I am not certain how I'm going to rule until I
13 hear the closing arguments, that's why we'd prefer there to
14 be a commercial solution.

15 And you've seen -- not me, Mr. Stark, I don't
16 think you've actually argued anything before me before. But
17 you've seen judges that just get their hands tied. And all
18 they can do is say, you know, Side A wins, Side B wins. And
19 I can't help with a commercial solution. That's why I'm
20 suggesting it, perhaps, from afar.

21 And I will be happy to give you a break because
22 I'm -- I would be happy if the parties could come to a
23 commercial solution. But if not, you all are each entitled
24 to a ruling and you'll get one.

25 Do you all want the ability to talk to each other

1 or just to your own clients about how this could work?

2 MR. STARK: I don't know, Your Honor. First, let
3 me talk to my clients, if you will. Can I have 20, 30
4 minutes?

5 THE COURT: Yeah. The other thing I'm -- I'm just
6 looking at my calendar. How long are you going to need for
7 closing arguments, assuming that we don't get a resolution
8 of this? If I give you 15 minutes to each side, is that
9 enough for closing?

10 MR. GENENDER: I think it's plenty, Judge.

11 MR. STARK: I agree, Your Honor.

12 THE COURT: Can we just start in the morning at
13 7:45 with closing arguments? And if you all want to, at
14 7:45, you can announce that you all have reached a deal;
15 and, if you haven't reached a deal, we'll just go into
16 closing arguments. That will give you time to talk to your
17 client, it will give you all time to talk to each other,
18 give you all time to write down a term sheet. I don't think
19 we can wait on this, one way or the other -- or do you want
20 to try and finish it tonight? I'm okay.

21 MR. STARK: Your Honor, it would be my preference
22 to finish it tonight, although, if Your Honor wants to
23 reconvene in the morning, we'll obviously do that.

24 THE COURT: No, I'm going to let you all try and
25 finish tonight. We'll do that.

1 MR. GENENDER: Great, great.

2 THE COURT: Mr. Redding, if you all take the
3 commercial solution, it's because I'm going to put faith in
4 you that whoever is working for you -- and I don't expect
5 you to be out there in the field, personally -- will
6 honestly call safety shots, and I wouldn't expect anything
7 less from somebody that works for you. So that's part of
8 the deal, is I'm going to give you the right to just call a
9 stop to work and I'm going to make Fieldwood honor your
10 declaration of a work stoppage, if your person thinks
11 something isn't safe going on for, you know, all aspects of
12 safety. So I want you to know that level of trust.

13 And I'm going to allow them to challenge; just, by
14 nature, I have to allow for challenges. Challenges will be
15 virtually immediate. But I'm not asking BP to take safety
16 risks. So I just want you to understand that when you're
17 talking to Mr. Stark or talking to the other side when I get
18 this implemented.

19 So we'll come back at 9:35. Will that work for
20 everybody?

21 MR. STARK: Yeah, certainly, Your Honor.

22 THE COURT: Okay. Closing arguments --

23 MR. GENENDER: Thank you, Judge.

24 THE COURT: -- at 9:35. Thank you.

25 MR. STARK: Thank you, Your Honor.

1 MR. GENENDER: Thank you.

2 (Recess taken from 9:17 p.m. to 9:34 p.m.)

3 AFTER RECESS

4 THE COURT: All right. We'll go back on the
5 Record in the Fieldwood/BP dispute, and let's go ahead and
6 proceed.

7 Mr. Genender, your closing argument.

8 (No verbal response)

9 THE COURT: It looks like you're muted. Hold on.
10 You may have dialed back in, at which point I'll need to
11 reconnect you.

12 (Pause in proceedings)

13 MR. GENENDER: Thank you, Your Honor. Can you
14 hear me okay?

15 THE COURT: Yeah. I want to make sure I find
16 Mr. Stark's number, and be sure I've got him activated. He
17 is.

18 All right. Go ahead, please.

19 MR. GENENDER: Thank you, Your Honor.

20 And let me start by thanking you for not only
21 hearing us on an expedited basis, but working late to give
22 us an opportunity to conclude this today. I know I speak
23 for Fieldwood in thanking you for doing that. I know it's
24 oftentimes par for the course with Your Honor, so thank you
25 for that.

1 I don't want to repeat what's in the evidence
2 because I know you've heard it all over the last six and a
3 half hours. However, I think, from looking at the evidence,
4 we have what we think -- we do think we've shown an
5 emergency. We do think that there is a cognizable
6 appropriate solution to the emergency that Your Honor has
7 outlined, and that no one -- that there's not credible
8 testimony that disputes that we can't handle this operation
9 with cooperation from BP. And certainly, Your Honor's
10 comment about they can monitor -- or BP can monitor safety
11 issues, of course.

12 THE COURT: But I don't believe --

13 MR. GENENDER: I think --

14 THE COURT: I don't think there's anything in the
15 law that lets me order them to let you do the work, is
16 there?

17 MR. GENENDER: Excuse me, but lets you order them
18 to let us do the work?

19 THE COURT: Yeah. What in the law would allow me
20 to require them to let you do the work, as opposed to -- I
21 understand the law may allow me to make them do the work.
22 But what in the law would allow me to make them let you do
23 the work?

24 MR. GENENDER: They -- the undisputed testimony is
25 that they -- I believe it was -- I believe it was

1 Mr. Redding who testified that they can contractually --
2 they can allow us to do the work. It's permissible for us
3 to do the work, Your Honor.

4 THE COURT: That's not my question.

5 MR. GENENDER: So, under these circumstances --

6 THE COURT: My question is how can I order them to
7 let you do the work? I don't know that I can.

8 MR. GENENDER: Well, when they're not operating as
9 a reasonably prudent operator, and they're not doing the
10 sorts of things -- and otherwise, I think you have -- I
11 think you have a record before you, Your Honor, that, in the
12 event that they -- in they event they're left to their own
13 devices, I think there's significant evidence in front of
14 you that they're not motivated to do it.

15 I'm not talking about mister -- I'm not talking
16 about Mr. Redding. I'm talking about with Mr. Gurses.
17 They're not motivated. The testimony was -- the testimony
18 conflicted in a major way. Mr. Redding didn't have this
19 organization issue, but Mr. Gurses did. And frankly, we
20 think he's misreading Section 6.4 of the POJ in that regard.

21 And Your Honor, they are trying to --

22 THE COURT: So --

23 MR. GENENDER: -- tie --

24 THE COURT: But no. I need to --

25 MR. GENENDER: Sure.

1 THE COURT: That -- I understand that I,
2 potentially, could order BP to complete the work. I
3 understand that, if they don't, that they will have
4 problems. I understand that you may own some of the
5 hydrocarbons that they produce out of another well that is
6 draining the field, and you may have the rights to a lien on
7 that. I understand that you may have a damages claim
8 against them.

9 What I'm not understanding is how I can order them
10 to let you do the work, and that's what I'm asking you is:
11 What in the law would let me require them to make the choice
12 to let you do the work, as opposed to just requiring them to
13 get the work done?

14 MR. GENENDER: Your Honor, you -- of course you
15 can order them to do the work by a date-certain and then
16 deal with the consequences if they don't. We understand
17 that, and of course, we will cooperate if you did that. I
18 think the testimony before you is that it will be -- it will
19 be more expedient and more likely if we did the work.

20 That said, you are a court of equity, and we are
21 dealing with protecting estate assets and we are dealing
22 with a situation where there's evidence before you that a
23 party did not -- has not and is not operating as a
24 reasonably prudent operator and has delayed. And we were --
25 we provided a schedule in November, and we didn't get a --

1 really, a response schedule until we had to come before you
2 on an emergency basis.

3 And by the way, Judge, I think there's no question
4 that that schedule -- I believe it was exhibit -- their
5 Exhibit 20 schedule, and that is when they started preparing
6 it, after the hearing ended at 3:45 and filed it at 4:30.
7 So it took this to do that.

8 And you are a court of equity. And I happen to
9 think and certainly my client thinks that your draft order
10 at ECF 825, that you shared yesterday, is perfectly
11 reasonable because it gives them the option, but also gives
12 us the option. And I do think it's within the Court's
13 equitable powers and legal powers to order them to do it
14 because you have a record in front of you that they don't
15 think they can do it or they're not willing to do it, to
16 make it happen.

17 And I don't think the Court has to look much
18 farther than their schedule to see all of the back-end
19 activities that -- I think that could be going on now. And
20 I don't really think the Court got a very credible answer
21 for why that's going to take -- the last 45 or 60 days is
22 really going take that. And mister -- you know, Mr. Redding
23 was truthful in his testimony that there is a lot of cushion
24 in their schedule.

25 And we get that you might have cushion in a

1 schedule for a SOP. But the problems are the tension, an
2 inherent tension between an SOP schedule and a schedule to
3 get the work done. The SOP schedule isn't one you'd even
4 contemplate unless you can't get the work done, and that's
5 the issue.

6 We're deep in, fighting and clawing to protect our
7 asset, the estate asset, and -- from losing its lease. And
8 the undisputed evidence, the only suggestion is if the lease
9 were lost, we would suffer and BP might actually benefit.
10 And that's why I, again, hang this on the equitable
11 argument, Your Honor, is that they (indiscernible) to do it
12 as a court of equity. They acknowledge that the contracts
13 permit them to allow us to do it.

14 So, at the end of the day, we're not asking you to
15 order something that the contract forbids. We're asking you
16 to contemplate ordering, as an alternative at least, as I
17 read your order, if we were to modify the plan, I think
18 we've put that evidence in front of this Court today, to
19 allow us to do the work.

20 I think the evidence is that they're trying --
21 that BP is trying to have us pay for things in the
22 restoration agreement that aren't our obligation, and try
23 our hand with this repair. And again, I think we go back to
24 this is not a repair -- this is -- we didn't cause the leak
25 in the first place. And every time BP has been given the

1 choice to be responsive to us or do something that's in
2 their interest, the evidence is they (indiscernible) and
3 pushed us along and here we are.

4 And we could have had a schedule set up in
5 November or December or early January or otherwise. And now
6 here we are, and we're trying. And I think we put forward
7 -- or we did put forward three credible witnesses --
8 Mr. Dane, Mr. Bhat, and Mr. Vaughn -- who spoke to all the
9 issues.

10 And I don't think it is a -- I do not think, Your
11 Honor, it is a significant leap for you to enter an order
12 consistent with what you circulated in draft form yesterday
13 at all. My concern and the Debtors' concern is you order
14 them to do it, and they just don't do it. There may not be
15 -- there may not be an adequate remedy at law, there may not
16 be. And I don't know when we'll get there.

17 There is testimony, uncontroverted testimony from
18 Mr. Dane, that jeopardizing this lease to protect the
19 restructuring, the success of the restructuring -- and I
20 don't think we should take that risk, Your Honor. And
21 frankly, I think the Court can rely on Mr. Redding's
22 testimony that you highlighted before we spoke, that he
23 doesn't really have a major issue with us doing it. He's
24 not, you know, dead set opposed to it.

25 And I think that -- I think that -- you know, I

1 think one thing is clear from the record, that, in some
2 respects, Mr. Redding's hands are tied from above with the
3 company. I think that's a fair inference from the testimony
4 that's before the Court. And we've actually --

5 THE COURT: Let me -- let me interrupt you just
6 for a moment, Mr. Genender. Someone raised their hand from
7 713-969-1111.

8 Is there an objection to Mr. Genender's closing?

9 MR. SURGIS: No, Your Honor. This is Robert
10 Surgis. I was going to wait until he finished. And then,
11 if I could add on something, with the Court's permission, I
12 will do so then.

13 THE COURT: I will not allow you to do that,
14 Mr. Surgis. You're have a lawyer, and I'm going to let him
15 speak for you. Thank you.

16 Go ahead, please, Mr. Genender.

17 MR. GENENDER: Thank you, Your Honor.

18 So, yes, Judge, I don't want to -- I think
19 anything -- I think it's very telling, Your Honor, when we
20 look at some of the pieces of the evidence. Mr. Gurses, to
21 my mind, acknowledged that, if BP had gotten royalty
22 interest on Genovesa that they would have moved faster.
23 That, right there, I think provides Your Honor with the
24 equitable powers to craft a remedy, so that we don't find
25 ourselves in a situation where we may not have an adequate

1 remedy at law.

2 And I think that his testimony made clear -- it
3 was rife with contradictions. And I think it's very
4 important that the people -- we've heard from two witnesses
5 who were there in October of 2020, and they -- at the same
6 time they said Isabella Q4, they said Genovesa Q1 2021, and
7 they did one with the single live solution, and had it done,
8 and are not willing to commit to follow through on what they
9 said. And that was six months in advance, and here we are.

10 So what they're saying is it's a four-month
11 process using their method. My goodness, if they had
12 committed to that on December 1st, we would be done by -- we
13 would be done by March 31st at the absolute latest, and the
14 well would come online.

15 And I think Mr. Bhat was exceptionally credible in
16 talking about even his schedule that said March 25th had
17 cushion in it. It has at least -- he said at least a week
18 of cushion within it, plus ten days on the back end. And I
19 -- which begs the question: Why not allow Fieldwood to try
20 to get this done, given the risks?

21 Of course, an SOP would be filed at the
22 appropriate time, to mitigate a situation where it can be
23 done. The uncontroverted testimony is that if BSEE wants
24 those filed three to four weeks in advance of the deadline;
25 that I think it's ready, it can be filed whenever. And

1 (indiscernible) again, it's not a substitute, and there's no
2 controverted evidence that an SOP is not -- it's not a
3 solution, it's not a solution to the problem here. It's, in
4 effect, something that we would do if we fail -- if the
5 Debtors failure and we shouldn't do that and we won't.

6 The evidence is strong, and I'd say, while not
7 contradicted that Fieldwood has acted diligently and that BP
8 has not. So I think, at that point, Your Honor, I'm going
9 to stop because I don't want to repeat myself further, and I
10 want to -- I have too much respect for you time. And I
11 think I'm within 15 minutes. I'm happy to answer any
12 questions.

13 THE COURT: Thank you.

14 Mr. Stark.

15 MR. STARK: Thank you, Your Honor.

16 Interestingly, you heard twice that there is no
17 adequate remedy at law, I think a particularly an
18 interesting turn of phrase because it is an implicit
19 admission that what Fieldwood is seeking here is the
20 extraordinary remedy of a mandatory temporary injunction,
21 without having complied with any of the requisite elements
22 for injunctive relief. We point that out in our objection.
23 And it is telling that you heard that twice in closing
24 because that is what they are seeking, is the truly
25 extraordinary remedy of a mandatory injunction, requiring a

1 variety of acts by BP.

2 With respect to the issue of emergency, it is also
3 telling that there was no emergency before the January 20
4 DOI order. What happened there, how that created an
5 emergency was Fieldwood's subjective interpretation that it
6 is their belief, without anything more than the text of the
7 Order apparently, is, again, less likely to get an SOP.
8 Fieldwood tells you they are fighting and clawing to protect
9 an estate asset; yet, they still have not submitted for an
10 SOP.

11 I understand that, historically, the process has
12 been to submit three to four weeks in advance. But if you
13 are that desperate to protect such a valuable asset, and you
14 are in such uncertain and unheralded times, by all means,
15 once you submit for the SOP well in advance of what you
16 might do under normal circumstances.

17 I think Your Honor is correct with respect to the
18 lack of a basis to allow Fieldwood to do the work. The
19 agreement to provide for the opportunity to remove BP as
20 operator, those efforts have not been shown. That is not
21 why we are here today. There is no basis to force BP to
22 step aside and allow Fieldwood to operate. That is
23 certainly a right BP possesses, but I don't believe there is
24 any law, and I don't believe you've been cited to anything
25 other than the broad concept of equity that would

1 purportedly allow that.

2 You heard from Mr. Redding that BP has done a
3 substantial amount of work and continues to do a substantial
4 amount of work, and you heard a commitment that they will
5 continue to do a substantial amount of work. But you also
6 heard that there's about a five percent chance of success on
7 meeting the schedule with an April 5 deadline. Certainly,
8 there's a possibility that it could be sooner than the end
9 of May. But it's less than a five percent likelihood this
10 could be done by April 5.

11 You heard Mr. Bhat testify that his schedule does
12 not account for uncontrollable events, such as weather
13 delay, equipment delay, plus delays with COVID; the list
14 goes on and on. Off the cuff, he certainly offered a
15 guesstimate that that might change from a certainty to -- I
16 believe he said somewhere in the 75 to 80 percent range.
17 But that's all that is, that is a best guess, off the cuff,
18 in the midst of a hearing.

19 And what happens if Mr. Bhat is incorrect and
20 Fieldwood has over-promised and they're not able to deliver?
21 BP will be left with someone else operating on their system,
22 with -- I'm not aware of any mechanism to remove them, other
23 than coming back to Your Honor and having another hearing
24 similar to this one.

25 You've heard that compelling BP to meet the April

1 5 deadline would, in all likelihood, require BP to breach
2 its contractual commitments to other parties, for which I
3 don't know whether BP would have protection. And it's
4 certainly not clear to me that Fieldwood would step up and
5 pay the cost of defense and the damages in that event.

6 If Your Honor were inclined to grant a mandatory
7 temporary injunction, notwithstanding Fieldwood's wholesale
8 failure to satisfy the requirements, I would ask that Your
9 Honor require them to post a substantial bond to protect BP,
10 as is appropriate in injunction situations. But I would
11 also ask Your Honor to compel Fieldwood to immediately
12 submit an SOP application on the schedule proposed by BP, if
13 for no other reason than to protect this valuable estate
14 asset.

15 And with that, I'll stop here, Your Honor, unless
16 you have questions.

17 THE COURT: No. Thank you.

18 We have jurisdiction over this matter under 28
19 U.S.C., Section 1334.

20 This is a core matter under 28 U.S.C., Section
21 157. It deals with whether a Debtor has the right to compel
22 compliance to an executory contract by its counterparty.

23 In this case, I have BP, who is wilfully failing
24 to comply with a contract, and they are doing so for their
25 own economic benefit. They are in breach. And I'm going to

1 grant pretty much all of the relief that is sought by the
2 Debtors.

3 I must begin by saying that I find BP's safety
4 arguments that have been made, in writing and orally, to be
5 quite offensive. BP has introduced not a scintilla of
6 evidence, none, that Fieldwood would operate in an unsafe
7 manner, or that there are safety risks from allowing
8 Fieldwood to do this.

9 BP cloaks its objection in the grounds of safety.
10 Given BP's history, to come in and just say that it wants to
11 be sure there is safety is the use of an excuse by BP that
12 is so inappropriate. BP should have learned that safety, in
13 the Gulf and elsewhere, is of paramount importance, and it
14 should not be used as an excuse when it isn't real. I find
15 that BP is making a safety excuse without any basis and
16 without any reality, and it is inappropriate for BP not to
17 recognize its professed duty of safety in a manner that
18 belittles its own duties.

19 Is there an emergency? Of course there is. It is
20 uncontested that, without the granting of an SOP -- which is
21 discretionary with the Government -- that Fieldwood can lose
22 this lease altogether if the work isn't completed timely,
23 under the terms of the lease. It is essential, according to
24 the only testimony I have -- which is totally contested --
25 to the company's reorganization that this lease not be lost,

1 and that is uncontested evidence.

2 BP's witness acknowledges that he has put the
3 priorities of others ahead of their duties and obligations
4 under their agreements. And he misinterprets, in my view
5 intentionally, Section 6.4 of the agreement. That does not
6 give BP the excuse not to give this project its full
7 attention.

8 It is telling that Mr. Redding says he's
9 committing his full efforts -- and I believe him -- but his
10 full efforts, as he testifies to it, are within the
11 corporate policies.

12 I find that BP is acting in a manner that is in
13 bad faith under the contract. It is trying to extort an
14 ORRI. It has tried to put one of its own wells online
15 before this one, that drains out of the same field. And no,
16 I didn't take the testimony to mean that the field would be
17 completely drained. I took the testimony to mean that the
18 BP well would have first access, when they should have equal
19 rights of drainage of the field.

20 And then I find out that BP has decided that
21 consenting to something will leave them in a position where
22 their contractual rights for fixing the loop create a
23 disadvantage for them, so they're trying to extort a change
24 in the contract. BP needs to stop acting with excuses.

25 I find that the evidence, by a preponderance,

1 demonstrates that this work can be completed by April the
2 5th.

3 I find that BP has delayed things intentionally,
4 to date, and refuses to give this the priority that is
5 needed. It has Mr. Redding's priority, but within BP's
6 policies. And BP's policies say we won't work 24/7, we
7 won't go acquire caps outside of the normal course, we're
8 going to live with our standard operating procedure to be
9 sure we don't finish this by April the 5th.

10 This is all BP's responsibility. They can do it.
11 I accept Mr. Bhat's testimony that this can be easily
12 completed by April the 5th. BP just needs to decide to do
13 it.

14 Now it may be from the delays that they have
15 caused that BP is going to have to work overtime. It may be
16 that they have to work 24/7 and it may be that they have to
17 purchase pressure caps outside of their normal purchasing
18 and outside of their normal supplies. But I find that the
19 caps are available, BP can accomplish this.

20 And I find that filled with excuses as to why BP
21 decides not to perform. They have the capability; they just
22 need to decide to use it.

23 With respect to uncontrollable delays, it is
24 certainly possible that there are uncontrollable delays that
25 will interfere with the Court's order that this be completed

1 by April the 5th. But I will say this: If I end up with BP
2 witnesses who decide not to tell me the truth, I'm not going
3 to believe those delays. If BP wants to get rid of that as
4 an excuse, it is free, under its contracts, to tell
5 Fieldwood, tomorrow morning by eight o'clock, that Fieldwood
6 can complete the work. And then the uncontrollable delays,
7 they're all on Fieldwood.

8 BP is behaving in a remarkably poor way here. I'm
9 ordering them to complete the project. I'm ordering them to
10 complete it timely, in a manner that the lease is not
11 avoided. I am waiving any requirement that the Debtors
12 place any bond. BP needs to do this and it needs to do it
13 now, and it needs to stop giving artifice as excuse.

14 Mr. Genender, I want an order filed, so that I can
15 sign it when I come in at eight o'clock in the morning. I
16 know that keeps people awake overnight. Stay awake. I want
17 an order proposed and filed in this case, so that I can sign
18 it in the morning.

19 I am not requiring any reimbursement of costs
20 until I determine that the costs that are billed are fair.
21 But under the contract, I am requiring that the company,
22 Fieldwood, comply with all of its payment obligations as
23 exist under the contract. But if they want to challenge
24 those as containing artifice, they may do so; I'll hold
25 prompt hearings.

1 I don't want any interference with this. I'm not
2 ordering anything about the SOPs. It's up to Fieldwood as
3 to what it wants to do with the SOP. They are not the
4 defendant here. BP is the bad actor, BP is going to do the
5 work, BP is capable of doing the work and it should do the
6 work. That is the order.

7 We are adjourned.

8 MR. GENENDER: Thank you, Your Honor. Good
9 evening.

10 MR. STARK: Thank you, Your Honor.

11 (Proceedings concluded at 10:03 p.m.)

12 * * * * *

13 I certify that the foregoing is a correct
14 transcript to the best of my ability produced from the
15 electronic sound recording of the ZOOM/telephonic
16 proceedings in the above-entitled matter.

17 /S/ MARY D. HENRY

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